

## DOCTOR OF PHILOSOPHY

### Modelling service excellence: the case of the UK banking sector

Al-Eisawi, Dima

*Award date:*  
2013

*Awarding institution:*  
Coventry University

[Link to publication](#)

#### General rights

Copyright and moral rights for the publications made accessible in the public portal are retained by the authors and/or other copyright owners and it is a condition of accessing publications that users recognise and abide by the legal requirements associated with these rights.

- Users may download and print one copy of this thesis for personal non-commercial research or study
- This thesis cannot be reproduced or quoted extensively from without first obtaining permission from the copyright holder(s)
- You may not further distribute the material or use it for any profit-making activity or commercial gain
- You may freely distribute the URL identifying the publication in the public portal

#### Take down policy

If you believe that this document breaches copyright please contact us providing details, and we will remove access to the work immediately and investigate your claim.

**Modelling Service Excellence:  
The Case of the UK Banking Sector**

**By:  
Dima Dawud Al- Eisawi**



**Faculty of Business, Environment and Society  
Coventry University  
Coventry, United Kingdom  
February 2013**

**The work contained within this thesis has been submitted by the student in partial  
fulfilment of the University's requirements for the degree of  
Doctor of Philosophy**

## **DECLARATION**

“I, Dima Dawud Al Eisawi, declare that this PhD thesis entitled:

“Modelling Service Excellence:

The Case of the UK Banking Sector” contains no material that has been submitted previously, in whole or in part, for the award of any other degree or diploma.

Except where otherwise indicated, this thesis is my own work”

## **COPYRIGHT**

This copyright of the thesis has been supplied on condition that anyone who consults it is understood to recognise that its copyright rests with its author and that no quotation from the thesis and no information derived from it may be published without proper acknowledgement.

Coventry University

February 2013

## **ACKNOWLEDGMENT**

In light of Coventry University's requirements for a supervisory team, I would like to thank all my supervisory team: Dr. Harjit Sekhon, Prof. Dr. Aktham Al Maghayereh, and Dr. Sailesh Tanna. To begin with, Dr. Harjit Sekhon, my Director of Studies, has been a great source of advice and support. Dr. Sekhon's constructive criticism helped me in the completion of this thesis.

I am conscious of the immense debt I owe to Prof. Dr. Aktham Al Maghayereh, for his continuous encouragement and research training. Prof. Aktham's genuine commitment and comments were far more than any right I had to expect when I began this research. I would also like to thank Prof. Dr. Ahmed El-Shaarawi for his initial advice and approval for an additional supervisory member. Dr. Sailesh Tanna, was a valuable source of knowledge who allowed me to explore this research, by possibly integrating other domains. Also, thanks to Dr. Keith Redhead, Prof. Dr. Tom Donnelly, and Dr. Hazel Barrett for their support.

I would like to thank my friends, and my colleagues at Coventry University, particularly, those who became subject matter experts in their chosen areas of research after qualifying for their PhDs, for their sincere feedback.

My family was a precious source of inspiration. My great father, Prof. Dr. Dawud Al- Eisawi, and my outstanding mother Prof. Dr. Sawsan Oran, both encouraged me from my childhood to pursue the PhD degree, and monitored my education and performance with wisdom, to ensure success in the attainment of this degree.

Last but not least, I am grateful for my husband and the blessings of God; my blossoming daughters, for their enormous patience and understanding during my absence from home to travel to the UK, and for all the time I gave them my back towards the computer screen. Juri and Yasmine: without your tolerance, this work would have not been possible, I owe you time.

**Dedicated to My Parents**  
**For Their Remarkable Devotion**

## **ABSTRACT**

Assessing performance, quality, and excellence in services are critical topics in the literature. As such, this thesis evaluates aspects related to conceptualisations and measurement models across different disciplinary perspectives. This thesis develops, and validates a multiple-item scale for Modelling service excellence in the UK retail banking sector, according to the perceptions of customers. The scale development method follows Churchill's (1979) well founded process, and is informed by Anderson and Gerbing's (1988), and Rossiter's (2002) guidelines. The model estimates whether the hypothesised antecedents are considered valid for identifying banks which provide excellent services. The findings reveal that reputation, rates, innovation, and technology significantly determine service excellence.

This thesis was undertaken in a critical timing, between 2007 and 2012. During that time, the economy and particularly, the banking sector faced a major credit crunch and crisis of confidence in the sector per se. The crisis caused banks to rethink their competitive positioning by re-assessing their strengths (Akdag *et al.* 2011). Hence, initiating a differentiation between quality and excellence in services was essential.

Overall, this thesis contributes to the literature by offering an integrated solution to assessing service excellence, from concept definition and differentiation, to scale development and validation. A new definition of services excellence is introduced and components of services excellence are identified. Hence, distinguishing between service quality and service excellence. Furthermore, the relationship between service excellence and its determinants is explored. Based on an updated set of antecedents and corresponding items, the measurement model provided in this thesis is considered as one of the best available options, realised by testing the postulated hypothesis and the alternative model testing.

## **PUBLICATIONS ASSOCIATED WITH THIS THESIS**

1. Sekhon, H. and Al-Eisawi, D. "Determining Service Excellence in the Banking Sector," 2009, Academy of Marketing (AM), University of Leeds, Leeds, UK.
2. Al-Eisawi, D. Sekhon, H., Tanna, S., "Innovation as a Determinant of Service Excellence in Banking," 3rd International Conference on Innovation, Management and Service (ICIMS 2012), 4-5 August 2012, IACSIT, Dubai, UAE.
3. Al-Eisawi, D. Sekhon, H., Tanna, S., "Innovation as a Determinant of Service Excellence in Banking" International Journal of e-Education, e-Business, e-Management and e-Learning (IJEEEE). International Association of Computer Science and Information Technology (IACSIT), 2012, Singapore (This Paper is associated with ICIMS 2012).



# TABLE OF CONTENTS

DECLARATION .....	I
COPYRIGHT .....	II
ACKNOWLEDGMENT .....	III
ABSTRACT .....	V
PUBLICATIONS ASSOCIATED WITH THIS THESIS .....	VI
TABLE OF CONTENTS .....	VII
LIST OF TABLES.....	XI
LIST OF FIGURES .....	XVI
ABBREVIATIONS USED IN THIS THESIS.....	XVII
GLOSSARY OF TERMS .....	XVIII
<b>1 INTRODUCTION.....</b>	<b>1</b>
1.1 BACKGROUND .....	1
1.2 RESEARCH OBJECTIVES AND RATIONALE .....	3
1.3 RESEARCH PROBLEM .....	4
1.4 RESEARCH DESIGN AND METHODOLOGY .....	9
1.5 KEY FINDINGS.....	11
1.6 MAIN CONTRIBUTIONS .....	13
1.6.1 <i>Theoretical Development and Understanding of Service Excellence</i> .....	13
1.6.2 <i>Scale Development</i> .....	15
1.6.3 <i>Practical Measurement of Service Excellence</i> .....	15
1.7 THESIS OUTLINE.....	17
1.8 SUMMARY .....	20
<b>2 BACKGROUND TO THE UK BANKING SECTOR .....</b>	<b>21</b>
2.1 INTRODUCTION .....	21
2.2 AN OVERVIEW OF THE UK FINANCIAL SERVICES .....	22
2.3 THE UK BANKING SECTOR .....	25
2.3.1 <i>Retail Banking Services</i> .....	27
2.3.1.1 <i>Current Personal Accounts</i> .....	28
2.3.1.2 <i>Mortgage Accounts</i> .....	30
2.3.1.3 <i>Savings Deposit Accounts</i> .....	33
2.3.1.4 <i>Personal Loan Account</i> .....	35
2.3.2 <i>Service Delivery Channels</i> .....	37
2.3.2.1 <i>Branch Offices</i> .....	39
2.3.2.2 <i>Automated Teller Machines</i> .....	40
2.3.2.3 <i>Telephone Banking</i> .....	41
2.3.2.4 <i>Internet Banking</i> .....	42
2.4 CHANGES IN THE BANKING SECTOR .....	45
2.5 SERVICE EXCELLENCE IN THE RETAIL BANKING SECTOR .....	49
2.6 CONCLUSION .....	58
<b>3 CONCEPTUALISATIONS OF SERVICE EXCELLENCE.....</b>	<b>60</b>
3.1 INTRODUCTION .....	60
3.1.1 <i>Service Excellence or Service Quality?</i> .....	61
3.2 DEFINITIONS OF SERVICE QUALITY .....	65
3.3 CONCEPTUALISATIONS OF SERVICE QUALITY DIMENSIONS.....	70
3.4 DEFINING SERVICE EXCELLENCE .....	74
3.4.1 <i>Defining Service Excellence in Banking</i> .....	78

3.5	DOMAINS OF SERVICE EXCELLENCE.....	80
3.5.1	<i>Organisational Theory Domain</i> .....	81
3.5.2	<i>Information Technology Domain</i> .....	83
3.5.3	<i>Services Marketing Domain</i> .....	86
3.6	CONCLUSION .....	88
<b>4</b>	<b>SERVICE EXCELLENCE: A CONCEPTUAL MODEL .....</b>	<b>90</b>
4.1	INTRODUCTION .....	90
4.2	ANTECEDENTS OF SERVICE EXCELLENCE .....	90
4.2.1	<i>Rates</i> .....	95
4.2.2	<i>Technology</i> .....	99
4.2.3	<i>Innovation</i> .....	102
4.2.4	<i>Reputation</i> .....	106
4.2.5	<i>Excellent Employees</i> .....	110
4.3	THE SERVICE EXCELLENCE CONCEPTUAL MODEL .....	115
4.4	CONCLUSION .....	117
<b>5</b>	<b>RESEARCH METHODOLOGY .....</b>	<b>119</b>
5.1	INTRODUCTION .....	119
5.1.1	<i>The Difference between Research Methodology and Methods</i> .....	119
5.2	RESEARCH PHILOSOPHY .....	120
5.3	COMPARISON BETWEEN POSITIVISM AND INTERPRETIVISM .....	122
5.4	TRIANGULATED RESEARCH .....	124
5.5	THESIS PHILOSOPHICAL STANCE .....	127
5.6	CONCLUSION .....	130
<b>6</b>	<b>RESEARCH METHODS .....</b>	<b>131</b>
6.1	INTRODUCTION .....	131
6.2	MEASUREMENT MODEL .....	133
6.3	SCALE DEVELOPMENT METHOD .....	137
6.3.1	<i>Domain Specification</i> .....	138
6.3.2	<i>Generation of Scale Items</i> .....	139
6.3.3	<i>Research Data Gathering Methods</i> .....	140
6.3.4	<i>Data Collection- Qualitative Research</i> .....	141
6.3.5	<i>In-depth Interviews</i> .....	142
6.3.6	<i>Card Sort Exercise</i> .....	142
6.3.7	<i>Sampling and Time Horizon</i> .....	143
6.3.8	<i>Measurement Instrument Design</i> .....	145
6.3.9	<i>Scale Purification- Pilot Survey</i> .....	146
6.3.10	<i>Data Collection- Quantitative Research</i> .....	147
6.4	ANALYSIS OF QUANTITATIVE DATA .....	148
6.4.1	<i>Exploratory Factor Analysis</i> .....	152
6.4.2	<i>Confirmatory Factor Analyses</i> .....	153
6.4.3	<i>Research Reliability</i> .....	154
6.4.4	<i>Research Validity</i> .....	155
6.5	ETHICAL CONSIDERATIONS .....	157
6.6	CONCLUSION .....	158
<b>7</b>	<b>SCALE DEVELOPMENT .....</b>	<b>159</b>
7.1	INTRODUCTION .....	159
7.2	DOMAIN SPECIFICATION .....	160
7.3	QUALITATIVE RESEARCH.....	162
7.3.1	<i>Expert Reviews</i> .....	162
7.3.2	<i>One-to-One Interviews</i> .....	164
7.3.3	<i>Card Sort Exercise</i> .....	167
7.3.4	<i>Decision Rule for Inclusion of Items</i> .....	168
7.3.5	<i>Items Relevant to Antecedents of Service Excellence</i> .....	168

7.3.5.1	<i>Rate Related Items</i>	168
7.3.5.2	<i>Innovation Related Items</i>	169
7.3.5.3	<i>Technology Related Items</i>	170
7.3.5.4	<i>Reputation Related Items</i>	170
7.3.5.5	<i>Excellent Employees Related Items</i>	171
7.3.5.6	<i>Items Relevant to Service Excellence</i>	171
7.3.6	<i>Summary of Item Ranking Exercise</i>	173
7.4	ANALYSIS OF THE PILOT SURVEY	173
7.5	INTERNAL RELIABILITY OF MAIN RESEARCH CONSTRUCT	174
7.5.1	<i>Internal Reliability of the Antecedents</i>	175
7.6	EXPLORATORY FACTOR ANALYSIS	181
7.7	CONCLUSION	189
<b>8</b>	<b>DESCRIPTIVE FINDINGS</b>	<b>190</b>
8.1	INTRODUCTION	190
8.2	DATA PREPARATION AND SCREENING	191
8.3	OVERALL SAMPLE CHARACTERISTIC FREQUENCIES	193
8.3.1	<i>Characteristics of Banks in the Sample</i>	193
8.3.2	<i>Type of Services Purchased From Main Bank</i>	195
8.3.3	<i>Reasons for Main Bank Choice</i>	195
8.3.4	<i>Gender of Sample Members</i>	197
8.3.5	<i>Marital Status of Sample Members</i>	197
8.3.6	<i>Age of Sample Members</i>	198
8.3.7	<i>Length of Relationship with Banks</i>	198
8.4	DESCRIPTIVE ANALYSIS OF DATA	199
8.4.1	<i>Descriptive Comparison of Service Excellence Items</i>	199
8.4.2	<i>Descriptive Comparison of Rates Items</i>	200
8.4.3	<i>Descriptive Comparison of Reputation Items</i>	201
8.4.4	<i>Descriptive Comparison of Innovation Items</i>	202
8.4.5	<i>Descriptive Comparison of Technology Items</i>	202
8.4.6	<i>Summary of Sample Profile</i>	203
8.4.7	<i>Descriptive Analysis</i>	203
8.4.8	<i>Descriptive Analysis – Current Account</i>	205
8.4.8.1	<i>Analysis by Gender</i>	205
8.4.9	<i>Descriptive Analysis – Saving Account</i>	206
8.4.10	<i>Descriptive Analysis –Credit Card</i>	208
8.4.11	<i>Descriptive Analysis –Loan</i>	209
8.4.12	<i>Descriptive Analysis – House insurance</i>	211
8.4.13	<i>Descriptive Analysis –Car insurance</i>	212
8.4.14	<i>Descriptive Analysis –Pension</i>	214
8.4.15	<i>Descriptive Analysis –Mortgage</i>	215
8.4.16	<i>Descriptive Analysis –Life Insurance</i>	217
8.4.17	<i>Descriptive Analysis –Endowment</i>	218
8.4.18	<i>Descriptive Analysis –Unit Funds</i>	219
8.4.19	<i>Descriptive Analysis – Other Investment</i>	220
8.5	OVERALL MEAN COMPARISON BY ACCOUNT TYPE	222
8.6	CONCLUSION	223
<b>9</b>	<b>FINDINGS FROM STRUCTURAL EQUATION MODELLING</b>	<b>225</b>
9.1	INTRODUCTION	225
9.2	CONFIRMATORY FACTOR ANALYSIS	226
9.2.1	<i>Model Estimation</i>	226
9.2.2	<i>Model Re-specification</i>	228
9.3	RELIABILITY AND VALIDITY ASSESSMENT	232
9.3.1	<i>Internal Reliability of Main Research Construct</i>	233
9.3.2	<i>Internal Reliability of the Antecedents</i>	234
9.4	COMPOSITE RELIABILITY	238

9.5	CONVERGENT VALIDITY .....	240
9.5.1	<i>Summary of Findings from Construct and Convergent Validity</i> .....	240
9.6	RESULTS FROM FULL STRUCTURAL MODEL .....	241
9.6.1	<i>Fit Indices of the Full Structural Model</i> .....	243
9.6.2	<i>Alternative Model Testing</i> .....	246
9.6.3	<i>Nomological Validity</i> .....	250
9.7	CONCLUSION .....	256
<b>10</b>	<b>DISCUSSION AND CONCLUSION .....</b>	<b>259</b>
10.1	INTRODUCTION .....	259
10.2	SUMMARY FROM THE LITERATURE REVIEW .....	260
10.3	SUMMARY FROM FINDINGS .....	263
10.4	THEORETICAL AND EMPIRICAL CONTRIBUTIONS.....	266
10.4.1	<i>Theoretical Development and Understanding of Service Excellence</i> .....	267
10.4.2	<i>Scale Development</i> .....	269
10.4.3	<i>Practical Measurement of Service Excellence</i> .....	269
10.4	PRACTICAL IMPLICATIONS .....	270
10.5	LIMITATIONS.....	272
10.5.1	<i>Conceptual Limitations</i> .....	272
10.5.2	<i>Methodological Philosophical Limitations</i> .....	273
10.6	FUTURE RESEARCH .....	274
10.6.1	<i>Extending the Scope of Research</i> .....	275
10.6.2	<i>Linking Service Excellence to Financial Performance</i> .....	276
10.6.3	<i>Banking Profit Efficiency</i> .....	281
10.6.4	<i>Linking Service Excellence to Trust and Trustworthiness</i> .....	287
10.7	CONCLUSION .....	289
	<b>REFERENCES .....</b>	<b>290</b>
	<b>APPENDICES .....</b>	<b>355</b>
	<b>APPENDIX I.....</b>	<b>356</b>
	<b>APPENDIX II.....</b>	<b>377</b>
	<b>APPENDIX III .....</b>	<b>385</b>

## LIST OF TABLES

Table 2-1: Composition of the Financial Services Sectors .....	23
Table 2-2: Service Delivery Channels Comparison.....	38
Table 2-3: Structural Changes within Banking Institutions in the UK .....	46
Table 2-4: Service Excellence in Banks-Literature Review .....	55
Table 3-1: The Difference between Service Excellence and Service Quality .....	63
Table 3-2: Service Quality Related Terminology Definitions .....	66
Table 3-3: Determinants of Service Quality .....	72
Table 3-4: Statistics in Journals Addressing Service Excellence .....	75
Table 3-5 : Service Excellence Definitions.....	76
Table 4-1: Determinants of Service Excellence.....	92
Table 5-1: Research Paradigms .....	121
Table 5-2: Summary of this Thesis Philosophical Paradigm and Methodology .....	129
Table 7-1: Construct Definition .....	161
Table 7-2: Item Pool Selected for Scale Development .....	163
Table 7-3: Some Comments from Interviews with UK Banking Customers.....	165
Table 7-4: Interview Identified Items.....	166
Table 7-5: Overall Rating of <i>Rates</i> .....	169
Table 7-6: Overall Rating of <i>Innovation</i> .....	169
Table 7-7: Overall Rating of <i>Technology</i> .....	170
Table 7-8: Overall Rating of <i>Reputation</i> .....	171
Table 7-9: Overall Rating of <i>Excellent Employees</i> .....	171
Table 7-10: Overall Rating of Service Excellence .....	172
Table 7-11: Overall Reliability of Service Excellence Items.....	174
Table 7-12: Item-Total Statistics .....	174
Table 7-13: Overall Reliability of Service Excellence Antecedents .....	175
Table 7-14: Overall Reliability of Rates Item.....	175

Table 7-15: Item-Total Statistics-Rates .....	176
Table 7-16: Overall Reliability of Reputation Item.....	176
Table 7-17: Item-Total Statistics-Reputation .....	177
Table 7-18: Overall Reliability of Innovation Item .....	177
Table 7-19: Item-Total Statistics-Innovation .....	178
Table 7-20: Overall Reliability of Technology Item .....	178
Table 7-21: Item-Total Statistics-Technology .....	179
Table 7-22: Overall Reliability of Excellent Employees Item .....	179
Table 7-23: Item-Total Statistics-Excellent Employees .....	180
7-24: KMO and Bartlett's Test.....	182
Table 7-25: Rotated Component Matrix, Calibration Sample (n=130) .....	185
Table 8-1: Service Excellence Item Coding.....	191
Table 8-2: Data Normality and Outliers .....	192
Table 8-3: Characteristics of Banks in the Sample .....	193
Table 8-4: Type of Service Purchased From Main Bank.....	195
Table 8-5: First Reason for Main Bank Choice .....	196
Table 8-6: Second Reason for Main Bank Choice .....	196
Table 8-7: Gender of Sample Members.....	197
Table 8-8: Martial Status.....	197
Table 8-9: Age of Sample Members.....	198
Table 8-10: Length of Relationship with Bank .....	199
Table 8-11 Service Excellence Scale Statistics.....	199
Table 8-12: Service Excellence Item Statistics .....	200
Table 8-13: Rates Scale Statistics .....	200
Table 8-14: Rates Item Statistics.....	201
Table 8-15: Reputation Scale Statistics .....	201
Table 8-16: Reputation Item Statistics.....	201

Table 8-17: Innovation Scale Statistics .....	202
Table 8-18: Innovation Item Statistics .....	202
Table 8-19: Technology Scale Statistics .....	202
Table 8-20: Technology Item Statistics .....	203
Table 8-21: Overall Descriptive Combined .....	204
Table 8-22: Comparison of Means by Gender and Current Account.....	205
Table 8-23: Analysis of Difference by Gender Current Account .....	205
Table 8-24: Comparison of Means by Length of Relationship- Current Account ....	206
Table 8-25: Comparison of Means by Gender and Saving Account.....	207
Table 8-26: Comparison of Means by Length of Relationship- Saving Account .....	207
Table 8-27: Comparison of Means by Gender and Credit Card .....	208
Table 8-28: Analysis of Difference by Gender Credit Card .....	208
Table 8-29: Comparison of Means by Length of Relationship- Credit Card .....	209
Table 8-30: Comparison of Means by Gender and Loan .....	210
Table 8-31: Comparison of Means by Length of Relationship with Bank- Loan .....	210
Table 8-32: Comparison of Means by Gender and House Insurance .....	211
Table 8-33: Comparison of Means by Length of Relationship- House Insurance....	212
Table 8-34: Comparison of Means by Bank Name and Car Insurance.....	213
Table 8-35: Comparison of Means by Gender and Car Insurance .....	213
Table 8-36: Comparison of Means by Length of Relationship- Car Insurance.....	214
Table 8-37: Comparison of Means by Gender and Pension .....	214
Table 8-38: Comparison of Means by Length of Relationship- Pension .....	215
Table 8-39: Comparison of Means by Gender and Mortgage .....	216
Table 8-40: Comparison of Means by Length of Relationship- Mortgage.....	216
Table 8-41: Comparison of Means by Gender and Life Insurance.....	217
Table 8-42: Comparison of Means by Length of Relationship- Life Insurance .....	218
Table 8-43: Comparison of Means by Gender and Endowment .....	218

Table 8-44 Comparison of Means by Length of Relationship- Endowment .....	219
Table 8-45: Comparison of Means by Gender and Unit Fund .....	219
Table 8-46: Comparison of Means by Length of Relationship- Unit Fund.....	220
Table 8-47: Comparison of Means by Gender and Other Investments.....	221
Table 8-48: Comparison of Means by Length of Relationship- Other Investments	221
Table 8-49: Overall Mean Comparison by Account Type .....	222
Table 9-1 Summary of Goodness of Fit Diagnostic (Validation Sample) .....	229
Table 9-2: Rotated Component Matrix, Validation Sample, (n=130) .....	231
Table 9-3: Reliability Statistics .....	233
Table 9-4: Overall Reliability of Service Excellence Items.....	233
Table 9-5: Item-Total Statistics .....	234
Table 9-6: Overall Reliability of SE Antecedents (CFA Stage) .....	235
Table 9-7: Overall Reliability Statistics of Reputation.....	235
Table 9-8: Item-total Statistics-Reputation.....	235
Table 9-9: Overall Reliability Statistics of Rates.....	236
Table 9-10: Item-Total Statistics-Rates .....	236
Table 9-11: Overall Reliability of Innovation.....	236
Table 9-12: Item-to-Total Statistics- Innovation .....	237
Table 9-13: Overall Reliability of Technology .....	237
Table 9-14: Item-Total Statistics-Technology .....	238
Table 9-15: Composite Reliability and Average Variance Extracted.....	239
Table 9-16: Items Retained for Full Structural Model after Scale Refinement.....	242
Table9-17: Summary of Goodness of Fit Diagnostic (Full Sample).....	244
Table 9-18: Consolidated Results of Alternative Model Testing.....	249
Table 9-19: Standardised Regression Weights: (Group number 1 ) .....	252
Table 9-20: Standardised Regression Weights- Service Excellence .....	252
Table9-21: Standardized Regression Weights- Rates .....	253



Table 9-22: Standardized Regression Weights- Technology.....	254
Table 9-23: Standardized Regression Weights- Innovation.....	254
Table 9-24: Standardized Regression Weights- Reputation .....	255

## LIST OF FIGURES

Figure 1-1: Scale Development Procedure .....	10
Figure 2-1: The Contribution of the UK Financial Services .....	24
Figure 2-2: Main Retail Banking Providers in the UK-Personal Current Account .....	29
Figure 2-3: Main Retail Banking Providers in the UK-Mortgage.....	32
Figure 2-4: Main Retail Banking Providers in the UK-Savings Accounts.....	34
Figure 2-5: Main Retail Banking Providers in the UK-Loan Accounts .....	36
Figure 3-1: The Difference between Service Excellence and Service Quality.....	62
Figure 4-1: Characteristics of Excellent Services.....	94
Figure 4-2: The Service Excellence Conceptual Model .....	116
Figure 5-1: Philosophical Paradigm Continuum.....	123
Figure 5-2: Thesis Philosophical Stance on the Continuum.....	128
Figure 6-1: Research Design for This Thesis.....	132
Figure 6-2: Reflective Measurement Model.....	134
Figure 6-3: Formative Measurement Model .....	134
Figure 6-4: The Validated Reflective Model .....	135
Figure 6-5: Scale Development Procedure .....	138
Figure 6-6: The Application of the Two-Step Approach.....	150
Figure 7-1: Scale Development Procedure .....	159
Figure 7-2: The Development Stages of the Items in this Thesis.....	188
Figure 9-1: The Estimated Structural Model after EFA.....	227
Figure 9-2: The Complete Development Stages of the Items in this Thesis .....	241
Figure 9-3: The Hypothesised Structural Model.....	243
Figure 9-4: Alternative Model Testing .....	247

## ABBREVIATIONS USED IN THIS THESIS

Abbreviation	Meaning
AIC	Akaike Information Criterion
AMOS	Analysis of Moments Structure
ANOVA	Analysis of Variance
ATM	Automated Teller Machine
BSQ	Banking Service Quality
AVE	Average Variance Extracted
CFA	Confirmatory Factor Analysis
CFBE	Canadian Framework for Business Excellence
CFI	Comparative Fit Index
Df	Degrees of Freedom
EE	Excellent Employees
EFA	Exploratory Factor Analysis
FSA	Financial Services Authority
GDP	Gross Domestic Product
GVA	Gross Value Added
IBS	Institute of Banking Studies
ICB	Independent Commission on Banking
IFI	Incremental Fit Index
INN/IN	Innovation
KMO	Kaiser-Meyer-Olkin
MBNQA	Malcolm Baldrige National Quality Award
NFI	Normed Fit Index
OFT	Office of Fair Trading
PASW	Predictive Analytics Software
PCA	Principle Component Analysis
QMS	Quality Management System
QOS	Quality of Service
RA	Rates/Prices
RBS	Royal Bank of Scotland
RE	Reputation
RFI	Relative Fit Index
RMSEA	Root Mean Square Error of Approximation
ROE	Return on Equity
ROTA	Returns On Total Assets
SE	Services Excellence
TE	Technology
SEM	Structural Equation Modelling
SMC	Squared Multiple Correlation

## GLOSSARY OF TERMS

Term	Meaning
<b>Services</b>	A process consisting of a series of more or less intangible activities that normally but not necessarily, take place in interactions between the customer and the service employee, and/ or physical resources, and/ or systems of the services provider, which are provided as solutions to customer problems (Grönroos 2007: 52).
<b>Service Quality</b>	The extent to which a service meets customers' needs or expectations (Parasuraman <i>et al.</i> 1985; Lewis and Mitchell 1990).
<b>Service Excellence</b>	"Service excellence is the ability of the bank to continuously exceed customer's evaluations by adding value to their expected offerings" (The Author).
<b>Financial Services</b>	The set of firms that are classified under financial intermediation in the Standard Industrial Classification system of the national accounts (Bank of England 2011)
<b>Banking Sector</b>	Providing important services to the economy such as payment, settlement and transaction services to depositors and borrowers, transforming deposits from savers into funding for households, companies or governments, who wish to borrow, or what is normally referred to as intermediation and risk transfer and insurance (Bank of England 2011)
<b>Retail Banking</b>	Predominantly accepting deposits and using these funds (together with funding from the wholesale market) to make loans as well as offering other financial products to customers and firms (OFT 2011)
<b>Innovation</b>	An idea for a performance enhancement that customers perceive as offering a new benefit of sufficient appeal that it dramatically influences their behavior, as well as the behaviour of competing companies (Berry <i>et al.</i> 2006: 56)
<b>Technology</b>	The quality of ATMs and the proper functioning of computerised systems (Karatepe <i>et al.</i> 2005: 376)
<b>Reputation</b>	Stakeholder's overall evaluation of company overtime. This evaluation is based on the stakeholder's direct experiences with the company, any other form of communication and symbolism that provides information about the firm's actions and/or a comparison with the actions of other leading rivals (Gotsi and Wilson 2001: 29)
<b>Rates</b>	Customers' judgment about a service price (Chen <i>et al.</i> 1994: 25)

## 1 INTRODUCTION

### 1.1 BACKGROUND

The richness of the services sector has developed an ecology of concepts relating to many issues such as outcomes, processes, industries and experiences. The idea is that services are comprised of delivery, consequences, performance and quality (Zeithaml *et al.* 2002). Although assessment of performance in the literature is very important, it is also complicated (Pont and Shaw 2003), mainly due to the intangibility of services. According to Grönroos (2007: 52) a service is defined as:

“...a process consisting of a series of more or less intangible activities that normally but not necessarily, take place in interactions between the customer and the service employee/ and or physical resources and/ or systems of the service provider, which are provided as solutions to customer problems”.

While consensual measurement of performance promotes scholarly investigations, and can clarify managerial decisions, and considering that performance has been discussed in the literature for a long time (for example, Ghosh *et al.* 1994; Zhu 2000), marketers were not able to find clear, current and reliable measures of performance, by which marketing merit could be judged. Because, the immediate outcomes of marketing efforts are more of qualitative in nature, like the level of service quality delivered, or the loyalty of the customers. However, scholars have tried to quantify the intangibility of marketing outcome with something more tangible. For example, they have frequently used quantitative methods and measurement models and scales.

Consequently, The Marketing Science Institute considers metrics for measuring marketing performance as an area of highest research priority for 2002-2007. In that regard, one of the issues which has been a subject of interest to many researchers from different domains such as technology, organisational theory and

services marketing is service excellence (hereafter, SE). Given the intangible nature of services, the customers' perceptions for assessing service excellence are critical. Hence, it is often argued that service should be viewed by the lens of customers, based on their experiences (Evardsson *et al.* 2005). Customers' experiences of services are normally placed in the customers' minds, as Lymperopoulos *et al.* (2006: 375), state that service quality is:

“Consumers judgement about an entity's overall excellence or superiority”

Despite the interest in service excellence, there remains a gap of identifying the concept and accurately addressing the determinants that comprise the main construct. In light of this lack of clarity, this thesis aims to achieve a better understanding of the conceptualisations, determinants and measurement of service excellence. The thesis argues that although the concept of service quality is not recent and has been vigorously addressed in the literature, the differentiation with service excellence is still vague, yet vital within a competitively demanding market, and given key drivers of service excellence. Indeed, one of the purposes for marketing strategy is to develop a competitive strategy (Devlin and Ennew 1997), which is capable of providing customers with superior value to services offerings (Akdag and Zeineldin 2011).

The financial services industry, in general, and the banking sector specifically, are vital to any economy. Also, research that focuses on this vital sector is ought to be of interest not only to academia but also to the practice. Therefore, the application of this thesis is identified within the UK banking sector, where the dynamics of this sector are explored and reviewed. The core finding of this thesis is developing and applying a new validated measurement scale, with focus on how to create and manage a bundle of integrated variables that customers, support, and perceive, and which reflect service exchange and value co-creation.

This chapter presents a background to the thesis. It provides an explanation to the research objectives and motivations, the research problem, as well as the research design and methodology. The chapter presents the main contributions of this thesis. Also, it provides an outline of how this thesis is organised.

### **1.2 RESEARCH OBJECTIVES AND RATIONALE**

The main objective of this thesis is to conceptualise and measure service excellence in the banking sector within the marketing domain. This begins with creating a customised definition for service excellence, which can be extended to the consumer banking sector. The core objectives of this thesis are the following:

- i. To conduct a comprehensive literature review with the purpose of:
  - Reviewing the financial services industry as a context for this thesis, in particular, the UK banking sector, with respect to different banking accounts.
  - Reviewing the nature of service excellence, its conceptualisations, domains and definitions.
  - Reviewing potential determinants of service excellence
  - Reviewing the different available measurement scales for service excellence.
- ii. To develop a context specific definition for service excellence
- iii. To develop a conceptual model of service excellence
- iv. To develop a multi-item scale that measures service excellence
- v. To investigate retail banking customers perceptions of service excellence
- vi. To validate the developed model by testing its application on the UK retail banking customers.

This thesis develops, refines and validates a multiple-item scale for modelling service excellence in the UK retail banking sector, according to the perceptions of customers. The developed scale is used as the research instrument to collect data

about UK banks to investigate whether the hypothesised antecedents are considered valid criteria for identifying those banks which provide excellent services.

### **1.3 RESEARCH PROBLEM**

The services sector contributes a significant proportion to the gross domestic product in the UK (Maklan and Klaus 2011). Further, it is argued that differentiation in offerings is increasingly obtained through the provision of higher quality services (Reinartz and Ulaga 2008). In addition, contemporary customers are anticipating more than just a service, they tend to seek experiences that are memorable, robust, compelling and engaging (Gilmore and Pine 2002: 10). This argument has resulted in academic interest, shedding light on how to increase the experience of customers beyond the offered service (Maklan and Klaus 2011). Further to the wide discussion in the literature about the importance of service excellence, and its contribution to the services sector, this piece of work, provides a new set of key factors which determine service excellence.

Peters and Waterman (1982) made a significant contribution by initiating the search for excellence, and subsequently the concept followed a large stream of investigations from different perspectives emanating from organisational behaviour theory and information technology. However, few relevant studies have accurately defined service excellence from a pure marketing domain perspective, let alone what it entails in the banking sector (i.e. Wirtz and Johnston 2003; Jones 2004; Johnston 2004). As such, the relevance of service excellence research to the marketing domain lacks clarity, because of two main reasons. First, the domain is not treated independently nor is it formally defined in the literature, with reference to the subject matter of quality and excellence. Second, the relationships within the different domains are not clear and require further evaluation on a long-term basis in terms of comparing different approaches to measurement and refining the concept of excellence (Bejou and Ennew 1997).



In addition, there were limited validated scales in the literatures which were options to use as measurement instruments in this thesis. For example, Johnston (2004) suggested components of what comprises service excellence without building a scale. Also, (Jones 2004) proposed a scale to measure service excellence but his scale was limited to one bank in Kuwait. Al- Marri *et al.* (2007) proposed a scale to measure SE in the banking sector, but from an organisational theory perspective. A general observation is that only a few of the developed scales in the literature were modeled for financial services, and even a smaller number focused on the retail banking industry.

There is a compelling requirement to build a scale to define service excellence to accurately model and measure the construct. From a theoretical side, this should close the gap which addresses a lack in sector specific excellence model, and from a practical side facilitating decisions, which relate to assessing and enhancing banking services delivery.

The banking sector is considered as one of the anchoring sectors among other intermediaries in the economy. Banks hold distinctive features as opposed to the other intermediaries, and have a larger interaction with a larger customer base. Also, banking is a core activity in any economy which provides many vital services, contributing the highest GVA and growth rate within financial intermediaries. Although central banks have a set of uniform policies, which requires banks to provide similar activities, they always welcome improvements to quality leading to better productivity (Naeem *et al.* 2009). Further, banking is one of the best sectors for evaluating SE due to its empirical and theoretical mass.

Within this sector, retail banking was selected as it is the largest segment. It is estimated that 93% of customers in the UK depend on banking services (Datamonitor 2010). Retail banking products are homogeneous which obliges SE to be counted during the analysis of competitive strategies (Avakrian 1994). Also, the

long-term personal relationships which customers have with their banks imply the formation of more accurate perceptions of SE (Bejou and Ennew 1994).

The UK is viewed as a good market for this research. Because, of the distinctive nature of financial services in the UK. The market is concentrated with many players most noticeably in the retail sector (Miller *et al.* 2011), with around 340 banks (ICB 2010). Additionally, many universal banks act as key players in the market (Miller *et al.* 2011). Further, a network of both banking and non-banking providers exists in the UK market (Farquhar and Panther 2008).

Moreover, the UK is a major exporter of financial services. Net exports of banking alone increased from £11-30 billion from 2003- 2008 (Office of National Statistics 2010). The share of nominal GDP accounted for by financial services in the UK in 2008, was higher than any other developed country including USA and European countries, and excluding Australia (Bank of England 2011). Further, the growth of financial services in the UK was 6% per annum, compared to the overall GDP growth of 3% (Bank of England 2011), contributing largely to the GDP and remarkably to the balance sheet (Miller *et al.* 2011). In general, London acts as a global financial hub, which is reflected by the presence of a full range of financial activities (ICB 2010).

Excellence models exist in other contexts, but they will not work in the services marketing context. Because, while other scales focus on intrinsic factors (For example see MBNQA 2002; CFBE 2002 in organisational theory domain, and Jackson and Humble (1994; Dabholkar 1994; in technology domains), the marketing domain focuses on extrinsic factors. The marketing domain is dominated by the focus on customers, which is a central element of orientation in the marketing philosophy.

In a services context, marketing has been seen as inter-disciplinary with many other domains, in particular, with the organizational theory. Hence, an

argument postulates that internal marketing is the best approach for establishing a service orientation (George 1990). Internal marketing concentrates on creating a fruitful internal exchange between the organisation and its employees as a prerequisite for successful interactions with external markets/ customers. As such, enhancements to SE which require focusing on the effectiveness of internal marketing, relationship marketing, and viewing all employees as marketers or internal customers, are credited to services marketing (George 1990).

Considering the interface between services marketing and organisational theory, it is important to accurately translate organisational specifications into a set of evolving techniques, specialising in customer-based SE specifications (Hensel 1990). Delivering consistent SE is an essential but challenging task for financial services.

Without any dispute, there is little doubt that successful external exchanges between employees and customers take place only after effective internal exchanges have occurred between employees and organisations (Bell and Menguc 2002). However, there is a reason to believe that these two goals are not always compatible (Anderson et al. 1997). For example, if an organisation plans to improve its productivity by downsizing, it may achieve an increase in productivity in the short-term, but other elements may be threatened in the long-run, possibly reaching customers' satisfaction and delight. Therefore, there are potential trade-offs between customer satisfaction (services marketing) and productivity (organizational theory) for industries such as banking. Managers in the financial services need to understand whether or not this is the case, in order to organise their efforts. So, if efforts to improve productivity can actually harm customer satisfaction (Anderson et al. 1997), then context specific efforts for achieving SE understanding and assessment would be much favourable. This means that, services marketing domain cannot be neglected and neither can the precise understanding of SE be compensated by borrowing existing models from other domains.

This situation combined with a limited number of academic research addressing SE, creates a gap in the literature. On the basis of the significance role that the financial services industry plays, let alone the banking sector's role in the UK economy, it is necessary to develop a scale that measures one of its vital components.

As far as the authors' knowledge, this is the first attempt to define service excellence in the banking sector and from a services marketing perspective. The shortfalls that exist in the literature are reflected in the lack of an integrated approach to understand the meaning of service excellence, and to empirically measure it. For example, the work by Bejou and Ennew (1997) was well founded for measuring excellence in banking but it is not without any limitations. While Bejou and Ennew (1997) intended to predict the relationship between organisational excellence and performance in retail banking, contrary to the current thesis, they did not develop a customised scale for their research subject. Instead, Bejou and Ennew (1997) depended on a scale named *Excel*, which was previously established by Sharma *et al.* (1990). In addition, Bejou and Ennew's (1997) research was applied to nine banks in the United States, rather than in the UK. Indeed, Bejou and Ennew (1997) suggest future research to tackle their result which produced little evidence of any positive association between their constructs, in addition to recommendations to further refine SE. Given the hitherto dearth of research into service excellence, required investing an in-depth investigation was carried out in the UK banking sector. In particular, this thesis develops a context-specific scale to assess the main construct. To tally the research problem, the research questions have been put forward as follows:

1. What is SE in banking?
2. What are the dimensions of SE?
3. How can SE be modelled for banks?
4. Do the different dimensions of SE have a positive relationship with customers' perceptions towards SE in banks?

The gap in the literature rationalises answering the above stated questions. Consequently, research hypothesis were formulated, broken down, explained, and examined in the body of this thesis.

#### **1.4 RESEARCH DESIGN AND METHODOLOGY**

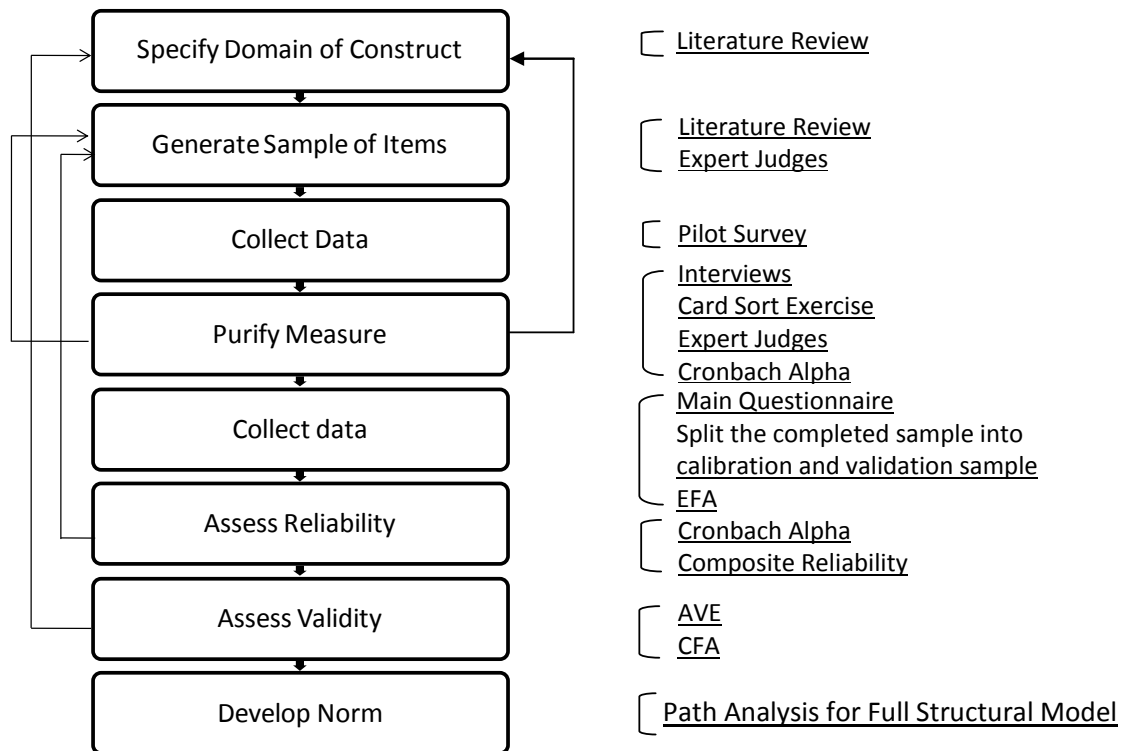
In order to capture a better understanding of the research area, this thesis commenced with an in-depth literature review. In addition, the thesis used quantitative-positivist and qualitative-interpretivist/phenomological methods, to develop a multi-item scale, based on the hypothesised constructs of service excellence. The mixed-methods helped have a better understanding and validation of the research construct. The qualitative phase used semi-structured interviews and a card sort exercise<sup>1</sup>, which supported in investigating research questions (Creswell 2003). The quantitative phase used descriptive and multivariate data analysis methods, for the purpose of testing the hypothesis set in this thesis<sup>2</sup>. The thesis defines the antecedents of customers' perceptions towards service excellence by developing, refining, analysing and validating what customers consider as the main factors for service excellence.

The scale development methodology, followed Churchill's (1979) scale development procedure, Anderson and Gerbing's (1988) Two-Step Approach, and was influenced with more recent methods to scale development by Rossiter (2002). The application of the Two-Step approach included conducting exploratory and confirmatory factor analysis, and validating research by determining path coefficients with Structural Equation Modelling. The methodological phases for the development of the main research instrument for this thesis are outlined in Figure 1-1.

---

<sup>1</sup>Chapter Seven explains the details of the scale development procedure, and presents results of the semi-structured interviews (section 6.3.5) and a card sort exercise (6.3.6).

<sup>2</sup> The results from multivariate analysis and hypothesis testing are presented in Chapter Nine.

**Figure 1-1: Scale Development Procedure**

*Source: Adapted from Churchill (1979); Anderson and Gerbing (1988); and Rossiter (2002)*

The analysis of the data which was obtained through the questionnaire was conducted in two stages. The first was the descriptive analyses of the data, aided by PASW 18.0 statistical software package. The aim of this stage was to gain an insight of the composition of the sample, and whether any significant differences between the sampling groups existed, through various tests such as Analysis of Variance (ANOVA), Chi square statistics test and t-test. The second was the multivariate stage, which utilised on AMOS 18.0 statistical package for SEM, obtaining fit indices and path coefficients. The ultimate purpose of this stage was to test the hypothesis of this research. Path analysis gave details on the nature of positive or negative relationships between the variables in the model, in addition, to the significance and strength of the relationships, depending on statistically significant results.

### 1.5 KEY FINDINGS

The first objective of this thesis was concerned with defining service excellence. Based on a thorough literature review of the elements in common in previous definitions, and the shortfalls that previous definition had, this thesis defines service excellence as:

*“Service excellence is the ability of the bank to continuously exceed customer's evaluations by adding value to their expected offerings”*

Based on the literature review, this thesis differentiates between SQ and SE. As such, it is posited that SQ means meeting customers' expectations for a specified offering, resulting in customer satisfaction. On the other hand, SE is posited as exceeding customers' expectations by continuous efforts to add value, resulting in customer delight.

The findings suggest that customers base their perceptions of service excellence based on four antecedents: innovation, rates, technology and reputation. The determinants were divided between *functional-process* determinants (i.e. technology), and *technical-outcome* determinants (i.e. innovation, reputation, and rates).

The results of the conceptualised model, by means of structural equation modelling, showed an acceptable goodness of fit between the proposed model and the observed data. In addition, more focused fit tests, including examination of estimates, standardised residuals, and evaluations of theoretical coherence, all suggested adequate model fit. The findings suggest that customers base their perceptions of service excellence based on four antecedents: innovation, rates, technology and reputation. Whilst the research generates findings which go in

tandem with the literature, indicating that evaluations of service excellence are generally based on customers' perceptions, the findings ascertain that customers assess service excellence based on the above mentioned antecedents.

The results showed that innovation is the most important dimension of SE followed by rates, technology and reputation. Customers' perceptions of innovation were more influenced by flexible products that meet their needs, rather than by continually updated products, and reliable and effective remote banking services. By contrast, findings revealed that it is far more important for customers to receive highest rates on deposits rather than getting charged with competitive fees, or receiving lowest rates on loans. In addition, despite *technology* was strongly reflected by all of its appending items, customers perceived secure technology as the strongest item. Evidence showed that banks with excellent overall reputation, compared to new product offerings and worldwide recognition, were more important to how customers perceived *reputation*.

Holistically, the multivariate analysis results suggested that, the proposed measurement model provides reasonably acceptable reliability, discriminant validity, convergent validity and nomological validity. Thus, a recommendation is to use the proposed measurement model as a tool in assessing SE, towards achieving continuous enhancements in the banking context.

Future research is suggested to improve our understanding of how customers evaluate SE by linking their assessments with other possibly related constructs such as financial performance and trust. In addition, it would be worthwhile to define and explain the composition of SE construct within different contexts.



## **1.6 MAIN CONTRIBUTIONS**

The main contributions of this thesis can be summarised into three broad categories: theoretical development and understanding of service excellence, scale development, and practical measurement of service excellence.

### **1.6.1 Theoretical Development and Understanding of Service Excellence**

The area of service quality and the specific focus on SE, taking into consideration the perceptions which customers associate with offered services is of high importance. The significance of this thesis is portrayed by theoretical and empirical reasons. From a theoretical point of view, this thesis adds new content to the stream of existing literature in terms of a new definition, determinants, scale and findings, specially that the established literature about the same subject is very limited.

This thesis provides a new conceptual definition, with the advantage of being context-specific, yet, flexible. It depended on the philosophical bases of what a definition should entail for generating the definition. The suggested definition fills a gap in the literature by specifically customising SE. As such, the definition is thought of as an operational one, since it includes continuity of services to ensure reflecting the differing expectations of customer's based on the on-going competitive changes.

Further, one of the objectives of this thesis was to make an attempt to understand what is meant by the construct of service excellence as opposed to service quality, establishing a first step towards understanding what determines SE and how to deliver it. The final outcome of SE is assumed to be delight (Johnston 2004). This is based on exceeding expectations, and built on the strategic intention of creating repeated purchases, retention, trust, and loyalty. In contrast, the outcome of SQ is thought to be satisfaction only (Grönroos 1990; Johnston 2004). SQ

is often seen as operationally realised by meeting expectations for a specific service for the purpose of achieving a business aim (Olaisen 1990).

SE is suggested to be met by exceeding customer's expectations through the provision of outstanding services. In view of this, SE should reflect a value adding process that places SE on the high end of the service quality spectrum. Therefore, SE was suggested to be placed on one end of a continuum, as opposed to poor services.

Further, in attempts to explore SE concepts, this thesis classifies three broad domains where SE was explored: organisational theory, information technology and services marketing. This thesis particularly investigates SE from the services marketing lens.

Also, based on a meta-analytic literature review, a thorough investigation compared SQ and SE across different domains and contexts. The result was an understanding of the background to SE. In addition, a list of gaps was pinpointed which helped in focusing on the main research problem. Adding to this, a conceptual model was developed based on a new set of antecedents, which were extracted from the literature, then examined, and amended when necessary. The set of antecedents were thought to be encompassing two different levels: functional-process and technical- outcome.

The theoretical findings of this thesis contribute to the existing body of knowledge, by updating the existing work of other scholars and adding new contributions. In particular, this thesis extends research undertaken by Bejou and Ennew (1997), Antonacopoulou and Kandampully (2000), and Johnston (2004). Bejou and Ennew (1997) made an effort to assess organisational performance in financial services. Nevertheless, their work was based on borrowing Sharma *et al.*'s

(1990) model, the EXCEL, rather than developing a newly customised model. Also, Antonacopoulou and Kandampully (2000), discussed the value of SE in an interesting way, by using metaphors from alchemy, whereby SE was argued to be an equivalent to converting lead to gold. Again their article, was a good introduction to the value of SE, but lacked the development of a model. Similarly, Johnston (2004) made a helpful initiative with his attempt to explain SE. However, his work was limited to suggesting some characteristics related to SE based on capturing reviews from a wide range of opinions, and without developing any kind of conceptual or measurement models.

### **1.6.2 Scale Development**

Another contribution is the scale which was developed and validated for this thesis. Despite that this thesis explored the development stages of the scale, by going through a process to scale development, it integrated multiple existing methods (i.e. Anderson and Gerbing's 1988 and Rossiter's 2002) to the classical Churchillian (1979) scale development procedure. This ensured the robustness of the model, by establishing a clear understanding of how the different procedures complemented an overriding Two-Step Approach. Based on a refined set of variables and corresponding factors, the outcome was a reliable and validated measurement model, which was deemed as one of the best possible options for modelling the research constructs. This was established by the ability of Structural Equation Modelling, exploratory factor analysis, confirmatory factor analysis, and alternative model testing, which was conducted at the end of this thesis.

### **1.6.3 Practical Measurement of Service Excellence**

The timing of this thesis which was undertaken from 2007 to 2012 was critical. During this time, the economy and particularly, the banking sector faced a major credit crunch. This crisis obliged banks to face aggressive changes such as

competition (Akdag *et al.* 2011), and caused banks to rethink their competitive positioning by re-assessing their strengths (Akdag *et al.* 2011). This is normally linked to aspects of services quality (Akdag *et al.* 2011). Hence, initiating a differentiation between quality and excellence in services was essential at a time of tough markets and severe competition. Furthermore, it is possible that customers' perceptions towards their banking services providers were either changed or modified during this period of hectic changes (Akdag *et al.* 2011). Future research implications for an extended longitudinal study are discussed in the Conclusion Chapter (Chapter 10) of this thesis.

The developed model is also designed as a practical tool for assessing SE in banking contexts, and would possibly be extended to other sectors within financial services. The scale should be useful for marketing departments, quality and assurance departments, and senior banking management to assess the performance of their banking services, based on receiving customers' feedback. It should be a useful tool for managers to analyse the opportunities for building better levels of services, and tracking the trend on a regular basis by conducting the measurement periodically.

Overall, this thesis developed an integrated solution to assessing SE, from concept definition and differentiation, to scale development, application, and validation. Also, the findings of the current thesis have implications for the banking services sector. It is anticipated that services providers would be interested in defining the determinants of excellence, to adapt their services accordingly in a manner that adds value to the perceptions of customers.

## 1.7 THESIS OUTLINE

This thesis is divided into ten chapters. The outline is described hereunder. This chapter introduces the research area of this thesis and addresses the objectives of why this research was undertaken. The main contributions and key findings are introduced.

*Chapter Two* reviews the major components related to the financial services industry, and sheds light on the banking sector. The chapter explains the distinguishing characteristics of the UK banking sector, through which the major services are explained. This is followed by an overview of the available services delivery channels. Later, the chapter looks at the recent changes in the UK banking sector, and their effect on SE is referred to. The last section extends the discussion of SE to the retail banking sector.

*Chapter Three* reviews the literature with reference to SE conceptualisations. The review explores the gaps in the literature by differentiating SE from service quality, defining the concept, and rationalising that SE is an integral part of service delivery. The chapter begins with discussing the different conceptualisations of service quality. Then, the different disciplinary domains of service excellence, are investigated. The chapter proposes a definition for SE, based on acknowledging the importance of the concept from different theoretical perspectives while attempting to fill the gap in the literature, by specifically customising the term.

*Chapter Four* develops the conceptual model for the thesis. The chapter begins with an integration of a broad review of relevant literature to synthesise the possible theoretical determinants related to SE. An initial formulation of possible determinants was starting to articulate for the main construct. The final section in this chapter presents a conceptual model for this thesis.

*Chapter Five* compares the different philosophical stances available with reference to the broader methodology, justifies the philosophical stance that was deemed suitable for this thesis. The objective of this chapter was to improve the understanding of constructs at three levels: methodological, conceptual and statistical. The chapter provides descriptions of the fundamental concepts of research philosophy. It compares the available paradigms for the purpose of highlighting the existence of a number of ways for gaining knowledge, among which the most appropriate for this thesis was chosen. Later, the chapter justifies the followed paradigm which was chosen as the methodological framework for this thesis.

*Chapter Six* explains the methods that were adopted for this thesis. This includes the quantitative and qualitative data collection methods, sampling and time horizon, measurement instrument design and scale purification through piloting with the measurement instrument. For the quantitative data, the methods of analysis were discussed with exploratory factor analysis and confirmatory factor analysis. The chapter ends with considering the ethical issues that were tackled in this thesis.

*Chapter Seven* provides a detailed description of the scale development process. This chapter illustrates how the scale was structured. This process engaged different sources to validate the generated items, including literature review, qualitative research, expert opinions, card sort exercise and quantitative analysis. Also, this chapter records the output of analysing the pilot survey, which includes assessing the internal stability of the scale, in addition to results from exploratory factor analysis.

*Chapter Eight* discusses the first part of the findings, from descriptive data analysis. This chapter begins with reporting the descriptive frequencies, including the demographical nature of the sample and the distribution of the data, for purposes of comparison. Then, the chapter presents the findings of the descriptive

mean comparisons, utilising on independent t-tests to assess if there were any significant differences between the variables. The layout followed for analysis and discussion in this chapter, was based on the type of services purchased from different banking providers. Each service provided was analysed based on three descriptive questions addressed in the main survey, specifically, bank name, gender, and length of relationship with main banking services provider.

*Chapter Nine* presents the findings from Structural Equation Modelling (SEM). This chapter is divided into two major parts: analysing scale reliability and running SEM. The measurement model was validated using SEM with AMOS 18.0 and PASW Statistics 18.0. The hypothesised conceptual model was tested, where causal relationships gave rise to the displayed observable data, and gave an indication of how well the posited model fit the data.

*Chapter Ten* concludes the whole thesis and summarises the outcome. The thesis is reviewed in terms of content and rationale. Then the chapter presents the contributions of this thesis, both theoretical and practical. The chapter acknowledges the existence of some limitations that lie within this thesis, these are divided into two types conceptual and methodological. As the thesis reaches to an end, the chapter highlights important issues which, along with the limitations, provide opportunities for future research.

## **1.8 SUMMARY**

Service Excellence is an important construct with certain identified gaps in the literature, which motivated the initiation of this thesis. As a starting point to overcome the reviewed gaps, customers' perceptions remain an essential source for evaluating services levels. Therefore, this thesis is constructed in a systematic manner that leads to the development and validation of a multi-item scale. Further, the rationale, motivation and purpose of this thesis, were influenced by other factors, such as the contribution of financial services to the UK economy, and the changes in the market including the incident of the financial crisis, which possibly influenced customers' perceptions.



## **2 BACKGROUND TO THE UK BANKING SECTOR**

### **2.1 INTRODUCTION**

This chapter provides an overview of the theoretical framework that supports this thesis, by clarifying the context in which the empirical research was undertaken. Without any doubt, banks have a significant role to play in any economy. This is due to banks' various range of services that cater to the commercial, industrial, agricultural and commercial activities, which are normally monitored and regulated by governmental central banks within each country.

Although central banks have a set of uniform policies, which requires banks to provide similar services, they always welcome improvements to service quality leading to better productivity (Naeem *et al.* 2009). Also, the way in which services are offered is what matters, such as personalisation efforts, technological adoptions, financial innovations and product innovations. Such adaptations are noticeable in the retail banking sector and are more easily traced, because of their interaction with a larger customer base.

This chapter is organised as follows: firstly, the chapter sets up the general financial services background. Then, the chapter explains the distinguishing characteristics of the UK banking sector, through which the major banking services are explained. This is followed by, an overview of the available banking services delivery channels. Later, the chapter looks at the recent changes in the UK banking sector, and their effect on SE is referred to. The last section extends the discussion about SE to the retail banking sector.

## 2.2 AN OVERVIEW OF THE UK FINANCIAL SERVICES

Despite that this thesis focuses on the retail banking context, it is ideally beneficial to address the broad role of financial services sector in the market. The financial services industry is comprised of a special group of financial intermediaries, out of which banks are treated as an anchor sector. This section provides an understanding of the types of financial services available, based on clarifying the purpose of the overall financial services network.

Financial services can be defined as the set of firms that are classified under financial intermediation in the Standard Industrial Classification system of the national accounts (Bank of England 2011). Under this system, organisations are classified into industries based on the type of services and products which they are generally involved in producing, not by their ultimate ownership (Bank of England 2011). Financial services are important establishments and intermediaries which all individuals are obliged to use during different stages of their economic activities (Davies 1996). Further, financial intermediaries act as the agents which transfer funds from people with surplus of funds to people with shortage of funds (Mishkin 2006). Assuming that financial intermediaries were unnecessary is not a valid argument, because there are transaction costs and information gaps that necessitate the existence of financial services in reality (Allen and Santomero 1997; Matthews and Thompson 2008). Indeed, the purpose of having a network of financial services is to reduce transaction costs in addition to facilitating customers' financial decisions (Matthews and Thompson 2008). Customers have less information about financial products. This is why making decisions is harder without financial intermediaries, which are credited of having a wide area of specialised information (Matthews and Thompson 2008), "relevant information" (Harrison 2002: 7), and customised information shaped to the needs of customers, i.e. "advice" (Harrison 2002: 7).

The financial services industry is comprised of five major sectors, *Table 2-1*, monetary financial institutions, including banks and building societies, account for more than 55% of financial services total composition, and are the main source of

movements in output in the UK economy. The remainder 45% is accounted for by: insurance companies and pension funds, with around 20%, in addition to a range of other financial intermediaries and auxiliary activities, with around 25%.

**Table 2-1: Composition of the Financial Services Sectors**

Serial No.	Financial Services Industry	Description	Weight in Financial Intermediation (Weight in GDP)
1	Monetary Financial Institutions	Central Banks, other banks, building societies	57% (4.4%)
2	Other Financial Intermediation	Finance leasing non-bank credit grantors, bank holding companies investment funds, unit trusts, securities dealers, factoring companies.	9% (0.7%)
3	Insurance Companies	Life insurance, general insurance, reinsurance.	13% (1%)
4	Pension Funds	Autonomous schemes only.	5% (0.4%)
5	Activities Auxiliary to Financial Intermediation	Administration of financial markets, advisory services, fund management, miscellaneous other activities.	15% (1.1%)
	<b>Total</b>	<b>Combination of the above.</b>	<b>100% (7.7%)</b>

*Source: Adapted from Williams et al. (2009); Bank of England (2011)*

Although the output of financial services is hard to define and measure accurately, the contribution of the industry to the overall economic activity can be measured by its share in gross value added (GVA) (Miller *et al.* 2011). Accordingly, the overall growth of the financial services industry prior to the financial crisis was 5.6% (Bank of England 2011). This was mainly driven by the 7.5% growth of banks and building societies, which contributed an overall 4.2% growth rate, the highest compared to the rest of the sectors. In addition, Haldane *et al.* (2010) reported that financial intermediation contributed to more than 8% of total GVA in 2007, this is compared to only 5% in 1970.

**Figure 2-1: The Contribution of the UK Financial Services**

This item has been removed due to third party copyright. The unabridged version of the thesis can be viewed at the Lanchester Library, Coventry University.

*Source: Bank of England (2011)*

In the past couple of years, the financial services industry in the UK witnessed a sharp decrease in the output level, *Figure 2-1*. Nevertheless, the share of nominal GDP accounted for by financial services in 2008 was higher than any other developed economy including the USA and European countries and excluding Australia (Bank of England 2011). The estimated output of financial services also grew strongly during 2008, compared with indicative surveys of financial services' output, which fell down in mid-2007. In addition, the decade prior to the financial crisis witnessed an estimated output growth for the UK financial services industry which averaged above 6% per annum, compared to overall growth of the UK GDP estimated at 3% per annum (Bank of England 2011).

In spite of the post financial crisis uncertainty, which was coupled with an overall business decline, the distinctive nature of the UK financial services industry remains a vital area of research. The UK is a major exporter of financial services, as the net exports of the banking alone increased from an estimated £11 billion to an

estimated £30 billion from 2003 to 2008 (Office for National Statistics 2010). Further, London acts as a global financial hub, which is resembled by the presence of a full range of financial activities (ICB 2010)<sup>3</sup>. This thesis focuses only on the banking sector, based on advice from the literature that focusing on a singular sector for empirical research allows better control for contextual and external influences (Hitt *et al.* 2001; Reed *et al.* 2009). The next section provides a basic overview of UK's retail banking sector, in addition to rationalising the choice of this particular context for this thesis.

### 2.3 THE UK BANKING SECTOR

There are several characteristics that differentiate the UK banking sector, as per numerous researches (Tanna *et al.* 2008; Kosmidou *et al.* 2008). Yet, three characteristics of the UK banking sector are prominent. First, the market is concentrated with many players, most noticeably in the retail sector (Miller *et al.* 2011). There are around 340 banks in the UK mostly concentrated in the retail and commercial banking sector (ICB 2010). This is further evident by the top six retail banks which account for 88% of retail deposits (ICB 2010:9). Second, there are many universal banks which resemble the key players in the market (Miller *et al.* 2011). Third, a network of banking providers exist comprised of banks and non-bank service providers (Farquhar and Panther 2008). Other distinguishing traits prior to the financial crisis include the growth of measurable value added, specifically profits, in addition to the remarkable growth of the balance sheets (Miller *et al.* 2011). This is due to the UK retail banking's large contribution to the GDP and to the UK national income (Haldane *et al.* 2010). Comparing historical value added measures, yields a trend generated by the dramatic growth of balance sheets and profitability. This is

---

<sup>3</sup> ICB refers to the Independent Commission on Banking: the creation of the Independent Commission on Banking was established on 16 June 2010 in UK, as per the announcement of the Chancellor of the Exchequer, chaired by Sir John Vickers. The Commission has been asked to consider structural and related non-structural reforms to the UK banking sector to promote financial stability and competition, and to make recommendations to the Government by the end of September 2011 (<http://bankingcommission.independent.gov.uk>)

represented by the doubled leverage amounts from the late 1990s until just before the financial crisis (Bank of England 2011).

Banks typically provide many important services to the economy such as payment, settlement and transaction services to depositors and borrowers, transforming deposits from savers into funding for households, companies or governments who wish to borrow or what is normally referred to as intermediation and risk transfer and insurance (Bank of England 2011). Activities undertaken by banks can be mainly categorised into two types: retail and commercial banking, and wholesale and investment banking (ICB 2010:9). The Office of Fair Trading (OFT) classifies banking services into three broad areas (Treasury Committee 2011)<sup>4</sup>:

- Core banking services: this refers to current accounts whether personal or business, overdrafts and savings products traditionally associated with banks.
- Secondary banking services: unsecured and secured loans to personal and SME customers, including credit cards and mortgages.
- Peripheral banking services: such as insurance, pensions, wealth management, hedging, letters of credit and legal services.

Providing core banking services normally requires authorisation from the Financial Services Authority (FSA) to accept deposits. In addition, the provision of some secondary banking services, requires a customer credit license from the OFT or authorisation from the FSA. Although there is no requirement for retail banking providers to supply core and secondary banking services, the majority of authorised retail banks provide those services to individual and SME customers (OFT 2010). An alternative way to categorise the retail market is according to the following three types of providers (OFT 2010):

- Retail banks: predominantly accept deposits and use these funds (together with funding from the wholesale market) to make loans, as well as offering other

---

<sup>4</sup> Other services include SME banking services, which were excluded from an overview in this chapter, since this thesis focuses on individual customer retail banking.

financial products to customers and firms. Lloyds Banking Group would fall in this category.

- Building societies: mutual institutions which is based on the principal purpose to accept savings and make loans. Nationwide would fall in this group.
- Universal banks: but are also involved in wholesale and investment banking activities, in addition to offering retail services. HSBC, Barclays, and RBS Groups would fall into this category.

For the purpose of this thesis, retail banks were selected based on several considerations. First, banking is one of the best sectors for evaluating the construct of this thesis due to its theoretical and empirical literature mass, *Table 2-4*. Second, the banking sector plays an important role within any given economy, and it is the largest sector within the UK's financial services industry. Indeed, the retail banking sector is an integral component in the UK's economy, since an estimated 93 per cent of UK customers depend on banking services (British Bankers' Association 2005). Thirdly, the choice of retail banking was based on the authors' personal interest given the distinctive features banks have compared to other business and financial institutions. For all the above stated reasons, it was worthy to investigate ways to improve banking quality based on perceptions about excellence.

### **2.3.1 Retail Banking Services**

This thesis focuses on the UK high street retail banking providers, which the majority of customers hold accounts with, such as the big four banks<sup>5</sup>, national and large regional building societies. An understanding of the market dynamics for major retail banking accounts was considered essential, during the empirical research phase of this thesis. Firstly, it enabled to determine the main characteristics and structure of UK retail banking services and transaction products. Secondly, it gave

---

<sup>5</sup> The big four banks refer to four largest UK-based banking groups, being: Barclays; HSBC, Lloyds Banking Group, and The Royal Bank of Scotland Group (Rueters 2011).

some background on transaction-specific market dynamics such as competing players, product innovation or pricing, with relations to excellence. Although the empirical literature on banking assesses the degree of competition for the sector as a whole, and using data at a bank level, instead of concentrating on specific products or services (Bank of England 2004), this section attempts to provide an overview of the core and secondary banking services, namely: personal current, savings deposit, mortgage and loan accounts<sup>6</sup>.

### *2.3.1.1 Current Personal Accounts*

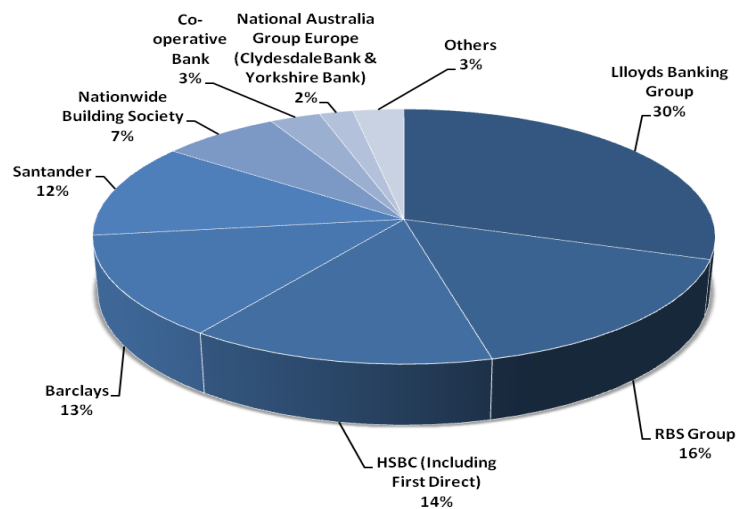
The personal current account is the base of the UK's retail financial system (Treasury Committee 2011), which generates a total revenue estimated to be around £9 billion a year (Datamonitor 2010:49). Recent statistics reveal that there are nearly 71 million personal current accounts in the UK (Datamonitor 2010: 12), being held by around 93% of adults in the UK population (Datamonitor 2010). In view of that, the efficient operation of personal accounts is necessary for customers and for retaining a healthy economy in the UK (OFT 2010).

As opposed to business banking services for enterprises, a personal current account is defined as an account for individual customers, which provides a bundle of facilities including: holding deposits, receiving and making cheque payments, direct debits, holding debit cards, issuing standing orders, using ATMs, making regular payments and possibly overdraft facilities (European Commission 2006: 14). The main providers for personal current accounts are retail banks (OFT 2010). Other providers consist of building societies and credit unions, which have recently started to offer them. In addition, it is expected that non-banking organisations will soon provide personal current accounts, conditional to receiving authorisation from the FSA to accept deposits (OFT 2010).

---

<sup>6</sup> Other peripheral products included in the research instrument and data set of this thesis (pension account, insurance account, credit card...etc.) were not included in this overview, since detailed literature on their market is not available.



**Figure 2-2: Main Retail Banking Providers in the UK-Personal Current Account<sup>7</sup>**

*Source: Adapted from OFT (2010)*

The personal current account market is characterised by concentration of many players due to the number of mergers and acquisitions which took place lately. The largest personal current account provider, *Figure 2-2*, is Lloyds Banking Group capturing around quarter of the total market, followed by RBS Group, HSBC, Barclays and Santander. It is worth noting that market shares are not sustainable because customers can possess a large pressure on banks, especially if they are dissatisfied with the quality of services, which can result in shifting from one bank to another (OFT 2010).

Customer satisfaction is a driver of higher rate of customer retention (Berry and Parasuraman 1991; Rust and Zahorik 1993). This creates long term relationships between customers and their personal banking providers (Storbacka *et al.* 1994). Perceived service quality has a positive relationship with bank customers' satisfaction or dissatisfaction (Storbacka *et al.* 1994) and service quality leads to customer retention (Keaveney 1995; Hocutt 1998). An incident with a UK Bank occurred when its telephone banking division stayed unprofitable after three years of operation, incurring average losses of £30 per current account customer (Ahmad

<sup>7</sup> Market Shares are calculated based on number of customers, March 2010 estimates.

and Buttle 2002). Customers expect banks to offer innovative services that meet their needs, although this creates a competitive constraint on personal current account providers, it encourages banking providers to improve their service offering (OFT 2010), and is expected to deliver excellent services. Hence, winning new current account customers is only part of the battle, the other part is keeping them (Ahmad 2005).

The personal current account can offer superior product quality and innovative services to attract and retain customers. This is possible by offering customers the products they want, and when customers are in a position to be able to drive effective competition (OFT 2010). Also, it implies that providers compete on visible parts of personal current account cost and service. In addition, this is driven by customers who have the information they need to evaluate cost effectively and manage their use of their personal current accounts, and customers who have the confidence to switch their personal current account provider if they find superior quality (OFT 2010). Another consideration is adjusting prices for quality differences of provided services and products, which allows customers to evaluate personal current account products before purchasing, and it results in products becoming effectively differentiated after the purchase (Bank of England 2004).

Overall, banks will need to offer superior personal current accounts and innovative services to attract and retain customers, by possibly granting customers effective control over when charges are incurred and making them more knowledgeable about the costs of their current accounts.

### *2.3.1.2 Mortgage Accounts*

Mortgage accounts describe homeownership and mortgage credit. Economically, the amount of residential mortgage debt in the UK is estimated to be £1.23 trillion, which accounts for around 70% of all credit granted by lenders in the

UK (FSA 2009). There are a variety of motivations for customers to hold mortgage accounts. For example, some customers might be interested in owning a house instead of renting, changes in the composition of household, searching for short and long term investment opportunities and consumption needs which are possibly satisfied through equity withdrawals (FSA 2009).

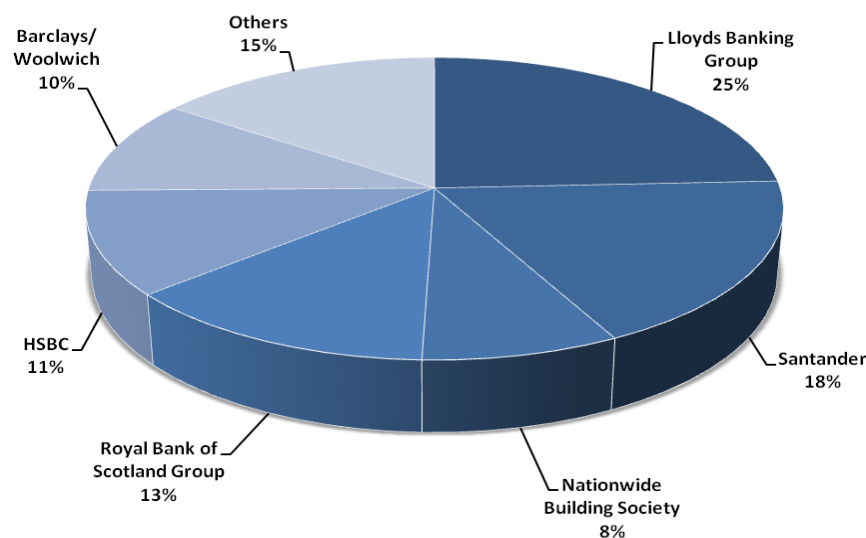
In terms of the relationship between service quality and mortgage accounts, There are strong indicators which distinguish the mortgage buying behaviour from other banking accounts/transactions. One of the indicators relate to the significant increase of product innovation and diversity in the UK prior to the financial crisis, when retail banks increasingly added value to customers by searching the market and providing tailored information to the mortgage products available (FSA 2009). Another indicator is that a significant portion of new mortgage products, are introduced by retail banks and even by non-banks with little or no branch lenders, which relies heavily on intermediaries to deliver products and find customers (FSA 2009). Moreover, research evidence shows that some mortgage providers tend to disclose required information to customers to compare the different fees, charges and services provided by firms (FSA 2009). Although such information intends to benefit, disclosing lots of mortgage related product information to customers might have very little influence on customer behaviour (FSA 2009). Actually, customers are more likely to select service providers on the basis of reputation, personal recommendation or past experience (FSA 2009).

This diversity combined with the innovative nature of the mortgage market, has led to various service labels such as independent, limited or single, which supposedly aimed to clarify for customers the provided service. Opposite to the intention, some of these service labels and descriptions created complexity for some customers, who simply do not understand these various types of services, which has led retail banks to consider the case for product simplification (FSA 2009). In many cases the mortgage is simply a means by which customers can get their end results such as a preferred home or car. This signals that when assessing excellence in the

mortgage account in particular, customers do not look for sophisticated and out of the box products. They rather seek simple, available products, and are typically motivated by an immediate wants or needs.

The mortgage market in the UK seems less concentrated, *Figure 2-3*, compared to the other types of financial services accounts presented in this section. This is due to the financial crisis which has resulted in the disappearance of a large number of retail banks. Remarkably, the number of intermediaries which provide mortgage decreased down to around half, between mid- 2007 and mid-2009 (FSA 2009). Nevertheless, almost a quarter of the UK market is still dominated by Lloyds Banking Group, followed by Santander, RBS Group, HSBC and Barclays/ Woolwich. All together, these five largest providers account for over 75% of the mortgage market.

**Figure 2-3: Main Retail Banking Providers in the UK-Mortgage<sup>8</sup>**



*Source: Adapted from OFT (2010)*

In general, customers' choice of retail bank for mortgage accounts is typically explained by their individual characteristics, whereby some are willing to take risks, while others are conservative. Other possible characteristics include financial

<sup>8</sup> Market shares are calculated based on gross lending, 2009 estimates.

capabilities, credit history, time available to search and location. This self-selection mechanism typically directs customers into different mortgage options, where they are served either by lenders directly or by intermediaries, although some customers may switch between different providers, implying limited mortgage channel competition.

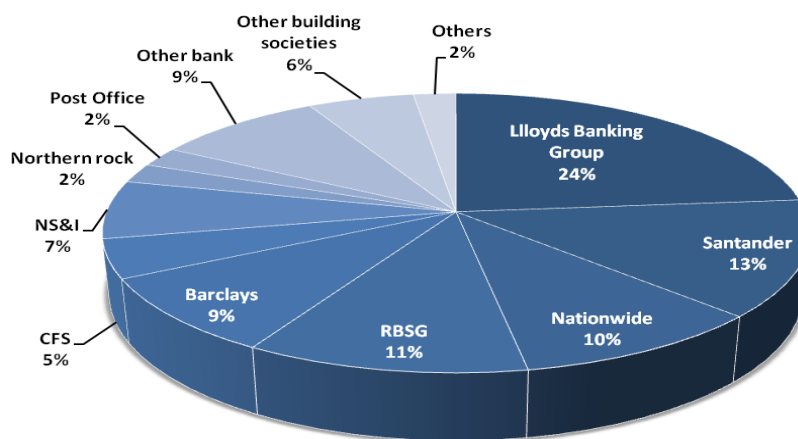
### *2.3.1.3 Savings Deposit Accounts*

The majority of customers hold interest bearing deposit savings accounts, where normally an interest rate is offered, which varies with the quantity of funds, and which is often higher than interest rates offered on current accounts. In spite of the spread of new savings vehicles, the majority of individuals typically still hold the largest portion of their wealth in savings accounts, at the bank or building society. The reason being is that individuals normally smooth consumption across their lifetimes, building up wealth to allow them to maintain consumption when their income falls, and borrowing based on expecting that their future incomes will raise (Banks and Tanner 1999). However, several factors influence choices with regard to savings, including uncertainty over future resources, expected future rates of return, decisions about household formation and the level of welfare provision (Banks and Tanner 1999). Further, behavioural theories on savings suggest that the decision to save arises from several motivations. According to Browning and Lusardi (1996), the first motivation is precautionary, such as taking out savings against ill health or unemployment. The second is the life-cycle motivation, which encompasses the decision to put money in a pension. The third is the down-payment motivation, for instance, to put money into a savings account for a holiday or to purchase a TV set. The fourth, is the inter-temporal substitution motivation, an example would be to speculate on the stock market.

Predicting the kind of quality expectations for customers might not be straightforward at any point in time without having information on these

motivations, because individuals might have certain quality expectations depending on different savings motivations. Further, information related issues concerning the flows of savings, or how the amounts are being saved out of their income, are important. Customers expect to have additional information about their wealth, and how much they have accumulated through past savings (Banks and Tanner 1999).

**Figure 2-4: Main Retail Banking Providers in the UK-Savings Accounts<sup>9</sup>**



*Source: Adapted from OFT (2010)*

In the UK, more than 300 banks and building societies are licensed to accept deposits (Bank of England 2010: 323). The five largest providers of savings deposit accounts, *Figure 2-4*, are Lloyds Banking Group, Santander, RBS Group, Nationwide and Barclays. Lloyds Banking Group once again has the largest presence in the UK's retail banking. There is a larger number of providers with fairly smaller market shares in the savings deposit accounts market, compared to the personal current account market, with increased concentration in this market from 1998 to 2010 (Cruickshank 2000<sup>10</sup>; OFT 2010).

<sup>9</sup> Market Shares are calculated based on number of customers, February 2010 estimates.

<sup>10</sup> Don Cruickshank's report on competition in the UK banking sector was published on 20th March, 2000. The report is the outcome of an objective evaluation of the banking sector (excluding investment banks) commissioned by the government in November 1998. The scope of the review encompassed the assessment of the levels of innovation, efficiency and competition both within the industry and in comparison to international benchmarks (Practical Law Publishing Limited 2012).

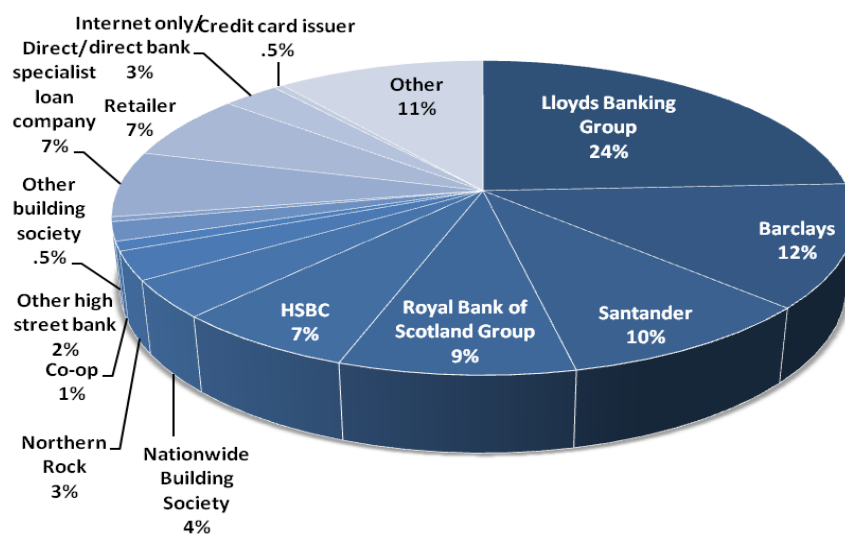
Savings account services are heterogeneous in terms of deposited quantities, access and additional services combined with the deposit product (Ashton 2001). Such characteristics are deemed to have an impact on the quality of savings accounts (Ashton 2001). It is viable in light of such heterogeneity in the characteristics of the UK deposit market, to understand the reflections on how customers assess the quality of savings deposit accounts. Further, although individuals in the UK do not typically hold large amounts of financial wealth, (Banks and Tanner 1999), they focus on savings rather than borrowing, they are cautious with their wealth, they are increasingly sophisticated and are becoming ever more dissatisfied with poor levels of service offered by retail banks (Clark 1997). This underpins a question of how to offer superior levels of quality that would retain back customers confidence in retail banking savings accounts.

#### *2.3.1.4 Personal Loan Account*

Personal loan account is defined as an operating account used to fund personal or household consumption for a specified time (European Commission 2006). The majority of banks provide overdraft services to facilitate customers with the option of borrowing up to a maximum amount or limit, over a fixed period and at a fixed margin agreed (Cressy 1993). Overdraft borrowing is the most common form of receiving loans by customers. This is due to the fact that loans provide flexibility to customers with borrowing, given the consequences of the market and interest rates (Cressy 1993). Also, loans allow customers some insurance against changes in credit rating, through being charged a fixed margin (Cressy 1993). Another reason is that lending providers, help in overcoming the lack of information (Cressy 1993). The capital charge, or the lending rate, can be thought of as the cost of accounting for the unexpected loss associated with extending a new loan (Bank of England 2010). Despite that interest rates are particularly set centrally by retail banks across their branches networks (Ashton 2001), it is suggested that in a competitive market, significant price differentials between similar products distributed in similar ways are not sustainable (Cruickshank 2000).

With regards to the relationship with excellence, rates are expected to be exclusively more significant to loan accounts, because capital charges, or lending rates, may be affected by several factors including fees attached to products, such as application fees, and revenue streams from activities related to lending, such as insurance premiums (Bank of England 2010). Further, a fall in competition within the banking sector would tend to raise new lending rates, holding other factors constant. Moreover, credit rating of the customer also became an important consideration, which might influence both the price and the accessibility of the product. The result was that banks competed in terms of both price and their credit assessment capabilities. For example, inefficient credit assessment would lead either to increased costs of lending or, if customer evaluations were too rigorous, to lost business. (Competition Commission 2002: 189).

**Figure 2-5: Main Retail Banking Providers in the UK-Loan Accounts<sup>11</sup>**



*Source: Adapted From OFT (2010)*

The top five providers of unsecured personal loans, *Figure 2-5*, account for more than 60% of this market. Once again Lloyds Banking Group leads the retail market with almost double the market share of its closest competitor, Barclays. This is followed by Santander, RBS Group and HSBC.

<sup>11</sup> Market Shares are calculated based on number of customers, 2009 estimates.



### 2.3.2 Service Delivery Channels

The retail banking sector has become a lot more competitive over the past years (Thornton and White 2001). In addition, customers are increasingly demanding greater convenience and accessibility, which reflects increased service delivery choices and mechanisms to cater for longer branch opening hours (Devlin 1995). This is creating advantages to banking through facilitating superior distribution of different channels (Harrison 2004), and in relations to communicating and delivering excellent products to customers (Kerem *et al.* 2003). Globally, many banks have started to embark cost effective alternative service delivery systems (Shih and Fang 2004). Further, the proliferations of multiple service delivery channels through which customers can interact with banks have increased (Adapa 2009). Hence, excellent banks should provide their customers with additional channel choices enabling reach to a larger customer base. Besides, traditional branch banking is being now accompanied with service delivery systems including Automated Teller Machines (ATMs), internet and wireless channels, telephones, to enable customers handle their banking transactions (Akinci *et al.* 2004; Reid and Levy 2008).

Table 2-2: Service Delivery Channels Comparison

Service Delivery Options	Rates (per transaction) <sup>12</sup>	Convenience	Market Reach	Security Level
<b>Tellers (Employees)</b>	40p	Customers go directly to the bank branches.	Limited access to remote bank branches.	High security.
<b>Automated Teller Machines (ATMs)</b>	45p	Customers use the nearest ATM to make transactions.	Possible access to any ATM machine. Some transactions are limited (such as opening a bank account, limited cash withdrawal amounts).	Probability of security violations, such as fraud.
<b>Internet Banking<sup>13</sup></b>	15p	Customers use the internet to access their bank accounts from any computer.	Access to banking information 24 hours a day, 7 days a week. Limited access to some transactions such as withdrawing cash or opening a bank account.	Probability of security violations, such as hacking.
<b>Telephone Banking</b>	15p	Customers use a telephone to access information about their accounts and latest transactions.	Access to banking information 24 hours a day, 7 days a week. Limited access to some transactions such as cash withdrawal or opening a bank account.	High security, due to account verification.

*Adapted from Gopalakrishnan et al. (2003:418)*

There are many attributes associated with each banking service distribution option, *Table 2-2*. Customers' evaluation of each option is directly linked to their perceptions of service excellence (Dabholkar 1996; Al-Hawari and Ward 2006), such as overcoming the geographical barriers, cost minimisation and delivering an individualised and customised service (Gopalakrishnan 2010). Although some channels seem more favourable, such as the internet for convenience, and face to face branch banking for higher security, customers normally use more than one channel in combination (Dabholkar 1996). In consequence, there are different channels to reach customers, which can be utilised together to create automated

<sup>12</sup> Rates estimated based on the average for main players in the market, mainly Lloyds. The fees are based on everyday current account banking.

<sup>13</sup> Some banks such as Barclays and RBS charge free banking ATM, telephone and Internet Banking. The only charges paid are local service provider call charges.

excellent service perceptions (Santos 2003; Patrício *et al.* 2003; Lang and Colgate 2003). The next sections review the most often used delivery channels for retail banking services, namely: branch offices, ATM, telephone and internet banking, in more detail.

### 2.3.2.1 Branch Offices

Retail banking services have traditionally been founded on a geographically extensive branch offices network (Jayawardhena and Foley 2000). This is normally accompanied by direct response advertising, which is still a prominent channel of distribution (Ennew and Waite 2006). These distribution channels are normally supported by salespersons or centre contact staff for follow-ups (Ennew and Waite 2006).

Although branch banking may remain the main delivery channel in the UK, other self-service technologies are becoming increasingly popular (Ahmad 2005). This is somehow creating conflict for retail bank managers in the UK, as they need to sustain solid relationships with their customers utilising on both sales service representatives and self-service technologies. Part of this conflict can be explained in that managers in the UK do not seem to fully foster establishing electronic banking relationships while maintaining a profound customer interaction (Kapoulas *et al.* 2002). Another issue is that the basic aim of this extensive network is to establish economies of scale through delivering a great volume of standard services, which would have a wide customer base. However, as flexibility and efficiency issues appeared, operating large branches with a number of employees seemed unfeasible, especially with the emergence of other service delivery alternatives. Even though it is often predicted that the majority of banks will exist via virtual computerised networks in the future, it is unlikely that branch offices will totally disappear. Because employees are important to reach certain customer segments, who otherwise do not prefer to handle their banking needs by electronic self-service, and require personal service interaction and guidance (Devlin 1995).

### *2.3.2.2 Automated Teller Machines*

The ATM has been widely known as a channel to withdraw cash conveniently. ATMs are normally connected to networks, which allow customers to withdraw cash from the majority of banks and to access banking services anytime, but at specified locations. The benefits offered by ATMs are many, from the banks' perspective, it reduces infrastructure cost, and operational cost by decreasing the number of required employees. From the customers' perspective, it provides customers with increased convenience, in addition to reducing and shortening queue waiting times. ATMs yield higher productivity and cost-efficient operations than human tellers, with an average of about 6,400 transactions per month for ATMs compared to 4,300 for human tellers (Rose 1999). Furthermore, ATMs ensures continuity of service delivery even when human tellers stop after banking hours. However, just like the rest of the delivery channels, the development of ATMs is not likely to fully replace human tellers. It is the combined services of both the ATM and human teller employees that imply more productivity for banks.

The effect of ATMs and service excellence has not been widely reported in the literature. However, there is evidence on the relationship between ATMs and increased service quality. Al-Hawari and Ward (2006) addressed ATM service quality while investigating the relationship between customer perceptions of service quality and bank financial performance in automated services in Australian banks. They found out that customer satisfaction is confirmed as a mediator in the relationship between automated service quality and financial performance. Later, Al-Hawari and Ward (2009) examined the relative importance of traditional and automated service quality factors on customer retention with the intention of determining which indicator factors are likely to have a significant impact on customer retention. They found out that all of the traditional service quality factors have positively influenced customer retention. Conversely, they found out that automated service quality in general has no significant influence on customer retention. Generally, the literature identifies adequate number of ATMs, user-friendly system, convenient and secure

location , minimum errors, speed, cost, service coverage and cash backup as essential service quality aspects of ATM service (Joseph and Stone 2003; Mobarek 2007; DiliJonas *et al.* 2009). Other important items related to ATM quality were identified as convenient and secure locations, user-friendly systems, adequate number and functionality of ATMs (Kumbhar 2011).

Despite that some informative articles posited that ATM is a cost effective way to access bank account, an intensive review of the literature revealed that currently there are no generally accepted models for assessing ATM service quality including cost effectiveness (Kumbhar 2011). Overall, the literature lacks the cost effectiveness feature of ATM service according to customers' perceptions (Kumbhar 2011). Nevertheless, the literature related to ATM service quality realises that the ATM is an innovation which has changed the relationship between banks and their customers (Kumbhar 2011), as well as the level of service quality of banking services (Davies 1996; Mcandrews 2003; Singh and Komal 2009).

### *2.3.2.3 Telephone Banking*

Telephone banking systems are operated by the majority of banks, where built in interactive systems in telephones request information from customers, and in turn directs customers to the requested service, such as bank account statement information, transactions and bill payments. Telephone banking was first introduced by Nottingham Building Society back in 1983 (Devlin 1995: 23). Today, telephone banking service in the UK is better explained by the case of First Direct which resembled state of the art innovation in telephone banking. The distinctive features about First Direct case are that, although being a greenfield development, consideration was given to looking after service quality at every stage of developing the newly innovative service (Devlin 1995). This was possible by incorporating service quality in initial plans, while comparing First Direct to other banks in the market. By this attempt, First Direct was attaching quality to existing services (Devlin

1995). Indeed, First Direct established a unit to undertake quality at every single operation, and entitled it *QUEST* (Devlin 1995). It is obvious that the major contributing factor in the emergence of telephone banking is product innovation during the distribution of retail banking services, which has undoubtedly marked First Direct as an excellent service provider at that time. Further, a commitment to superior service quality (excellence) was sought and enabled in the culture of the bank, rather than depending purely on innovation and technology.

Despite that telephone technologies have made a number of banking services possible, easy to use and accompany low rates for the customer, the use of telephone is visible to and used by the customers to place calls to certain units, customers perceive that calls are answered not by a computer but by a human representative (Devlin 1995). Also, although telephone services is highly dependent on technology that provides banking services via terminals, It is important to note this innovation was not a results of pure technology but it depended heavily on innovative physical organisational elements and management structures (Devlin 1995).

### *2.3.2.4 Internet Banking*

Internet banking is one of the newest delivery channel for retail banking services (Aladwani 2001). Enabled by IT, the internet has become more popular with other types of services. This has possibly made internet banking the most cost effective channel for providing electronic banking services efficiently to customers to manage their banking needs (Robinson 2000; Giglio 2002). Internet banking services are attractive to target markets with a large customer base Gurau (2002), and which has been largely accepted by customers as a service innovation (Klopping and McKinney 2004). This is because customers are able to connect to services through the internet, which has meant that banking activities were not subject to location and time restrictions anymore (Karjaluo *et al.* 2002). This made it possible to customers access banking services and handle transactions 24/7 (Ismail and Panni

2009). Further, low cost of services complimented with high speed, has created an efficient terminal of service (Chang 2002), which appeal to customers and tend to influence their intention to adopt internet banking (Lee *et al.* 2003; Gerrard and Cunningham 2003). Evident to its success, some banks in the UK have emerged on the basis of offering internet-only banking such as Cahoot Bank and Smile Bank (ECA 2005).

Evidence relating to customers' initial perceptions towards internet banking, triggers the requirement to understand not only customers' pre consumption behaviour, but also their behaviour and perceptions after adopting internet banking (Yu *et al.* 2005). An understanding of customers' perceptions of excellence with emphasis on the role of online banking information in steering customers' decisions (Waite and Harrison 2004) should be beneficial. For that purpose, it is argued that researchers have only recently begun to comprehend the importance of customers' continued adoption of retail banking, in addition to frequent use of internet banking and even its relationship to positive financial performance in banks (Yousafzai *et al.* 2005; Kasheir *et al.* 2009). Further, the argument about internet banking's adoption by customers, is in many occasions imprecise (Ndubisi and Sinti 2006), inconclusive and often conflicting (Adapa 2011). Nonetheless, in relations to service excellence, internet banking as a channel has found more interest by researchers.

Zhu *et al.* (2002) explored the effect of information technology on service quality in the retail banking sector and proposed a model that links customer perceived IT-based service options to traditional service dimensions as measured by SERVQUAL. Their model incorporated several variables affecting customers' perceptions of IT based services, and was tested by structural equation modelling. The results indicate that IT-based services have a direct impact on the SERVQUAL dimensions and an indirect impact on customer perceived service quality and customer satisfaction. The analyses also shows that customers perceptions of IT based services are influenced by their experience in using IT based services, preference towards traditional services and perceived IT policies.

Aladwani (2001) researched perceptions of banks' executive, IT managers and potential customers and attempted to identify the drivers, development challenges and expectations of online banking by quantifying certain online banking elements. The investigation has shown that primary motivators of online banking include customer- oriented and market-oriented drivers. Also the study predicted Future challenges foreseen by general and IT managers including technical obstacles and the attitudes and behaviours of online banking customers. Potential customers mentioned Internet security, online banking regulations, customers' privacy, and bank's reputation as the most important future challenges of online banking adoption.

There literature is overwhelmed with more recent research on internet banking in financial services and service quality, the list includes: Nielsen 2002; Waite and Harrison 2004; Siu and Mou 2005; Seth *et al.* 2005; Sohail and Shaikh 2008; Calisir and Gumussoy 2008; Santouridis *et al.* 2009. However, similar studies on the relationship between internet banking and service excellence are quite rare if not non-existent. Taken as a whole, differentiation of distribution channels provides an alternative route to successful financial services provision (Devlin 1995) which could lead to service excellence. Besides the traditional branch banking, this thesis posits that automated distribution channels (i.e. ATM and the internet) are items reflected from technology, which was suggested in Chapter 2 to be one of the antecedents for this thesis research construct.



## 2.4 CHANGES IN THE BANKING SECTOR

There have been dramatic economic, financial and technological changes in the past several years which have affected banks considerably. The unpredictable economic circumstances that banks have faced can be attributed to several variables, including highly fluctuating interest rates, inflation, mergers and acquisitions, globalisation, deregulation, privatisation, (Harker and Zenios 1999; Helliard et al. 2002; World Bank 2009). As a matter of fact, banks were thought to be performing well, until mid-2007, when the financial crisis occurred. The financial crisis is one of the most significant incidents in the past decade which had its impact on the monetary policy internationally to cater to the growing demand. Economically, this caused central banks, such as the Bank of England to cut interests sharply, led by the Monetary Policy Committee. Another change was using Central Banks' money to buy assets, both public and private and on a large scale basis (Bank of England 2011). The reason being is to reach a target inflation of 2%, by injecting money into the market (Bank of England 2011). Further, a considerable number of mergers and acquisitions occurred, which lead to a high concentration of retail banking in the market (OFT 2010), *Table 2-3*. The largest consolidation was the merger of Lloyds TSB and HBOS, which is now the market leader in many sectors of the retail banking market.

**Table 2-3: Structural Changes within Banking Institutions in the UK**

<b>Serial No.</b>	<b>Banking Institution</b>	<b>Merged with or Acquired by</b>	<b>Year</b>
1	Santander	Alliance & Leicester	2008
2	Santander (Abbey)	Bradford and Bingley (savings and branches)	2008
3	ING Direct	Heritable Kaupthing Singer & Friedlander	2008
4	Chelsea Building Society	Catholic Building Society	2008
5	Nationwide Building Society	Cheshire Building Society	2008
6	Nationwide Building Society	Derbyshire Building Society	2008
7	Lloyds-TSB	HBOS (Halifax Bank of Scotland)	2008
8	Yorkshire Building Society	Barnsley Building Society	2008
9	Co-operative Financial Services	Britannia Building Society	2009
10	Yorkshire Building Society	Chelsea Building Society	2009
11	Nationwide Building Society	Dunfermline Building Society	2009
12	Skipton Building Society	Scarborough Building Society	2009
13	Barclays	Standard Life Bank	2010
14	Coventry Building Society	Stroud and Swindon Building Society	2010

*Source: Adapted from OFT (2010); Bank of England (2011)*

Due to the economic conditions banks in the UK are forced to seek alternative ways to incur cost savings (Stonham 1993). This can be achieved by merging, closing physical bank branches, downsizing operations and substituting costly banking employees with self-service technologies. However, service excellence should not be ignored, because there is a limit beyond which additional cost savings would not be possible without impacting service quality (Ahmad 2005).

Not only did the financial crisis have significant consequences on the capital and accounting structures of banks, it exposed banks to new competitors (Worthington and Welch 2011). First, competition from foreign-owned banks in domestic markets spread in many countries, due to seeking international markets for business expansions and profit opportunities, in addition to the easing of restrictions

on foreign bank entry (World Bank 2006; Gormley 2010). Second, the increased competition in the banking sector has facilitated the access of other organisations and individuals to financial services, thus overtaking the market share of a large number of banks (Munir *et al.* 2011). As a consequence, a substantial number of banks entered into risky ventures, which required considering systems to monitor their performance (Bank for International Settlements 2009). Third, prior to the financial crisis, non-banking intermediaries were limited to providing a certain range of services and traditionally operated in partnerships with existing banks (Worthington and Welch 2011). An example would be the retailers in the UK, such as Sainsbury's and Tesco which depended on simple transactions, such as: savings accounts, credit cards and insurance policies. Such retailers operated via joint ventures with banks such as RBS and HBOS group. Other retailers such as M&S had their own financial services prior to the financial crisis, but later sold its financial business to HSBC (Worthington and Welch 2011). Moreover, Virgin Money operated financial services, which were later sold to a joint venture with RBS (Worthington and Welch 2011). As such, organisations from non-banking sectors saw that there is an opportunity for them to compete with the troubled banks. For example, in addition to its financial services, Tesco purchased its stake in its joint venture with RBS, which was later renamed Tesco Bank (Worthington and Welch 2011). Further, not only has the competition led non-banking organisations to appear, but to provide innovative banking services. For example, Virgin Money announced its vision to offer a new kind of bank in the UK (Worthington and Welch 2011).

Additional changes to banking operations are linked to technological innovations, which have remarkably expanded the scope of the banking sector. Banks include technological change on the short list of essential factors underlying the dynamics in banking industry performance (Furst *et al.* 2000). Over the last two decades, banks have introduced a wide array of technological procedures with services and products related to automated credit scoring and electronic lending platforms, such as credit card networks, internet banking, debit cards, smart cards and electronic bill payment (Allen *et al.* 2002; World Bank 2006). Additionally,

transactions within banks have largely become automated, which have altered the role of bank branches and changed fund transmission techniques. The literature reveals that operational structures of banks have been changed due to transaction automations, and that technological improvements have introduced a wide array of channels (Harrison 2004). Further, the steady increase of ATMs and online banking has forced banks to spend substantial investments in technological infrastructure advancements (Berger 2003). Also, technology monitoring systems have been launched to monitor the performance of retail banking activities. The list includes identifying the number of transactions per ATM, the number of customers per ATM, the number of declined transactions and the number of ATM failures. Superior technology and customer service introduced by global banks (Hitt and Frei 2002; Lapavitsas and Santos 2008), such as the superior technological advancements demonstrated by HSBC, Citibank, and Standard Chartered Bank (Munir *et al.* 2011), have partly intensified the competition between global banks and domestic banks too. Also, more integrated and faster access to customer information has enabled banks to effectively deal with complex customer relationships (Furst *et al.* 2000). In addition, technology has been a motivating element for many of the recent bank mergers, as banks with less efficient technology management look for merger partners with more advanced technology management (Furst *et al.* 2000).

Although the different changes in the market, most significantly the negative outcome of the 2007 financial crisis, were beyond expectations, it uncovered certain problems with banks. This has lead banks to redefine their services, utilising on innovations, where banks were driven to shift from their basic role of being financial intermediaries providing loans and deposits, to introducing a wider scale of innovative services (Lapavitsas and Santos 2008). Moreover, it triggered banks to strengthen their strategic planning and risk measurement and performance systems (Munir *et al.* 2011). In parallel to other economic challenges, it obliged banks to improve performance (Williams and Seaman 2002; Munir *et al.* 2011). Further, this has lead academics and practitioners to reassess the business scope, scale, governance, safety and soundness of financial institutions (Wilson *et al.* 2010).

Overall, the rapid changes in the financial services market improved the functions of retail banks.

### **2.5 SERVICE EXCELLENCE IN THE RETAIL BANKING SECTOR**

Service excellence represents one of the most significant elements for the success of banks (Islam and Ali 2011). Research findings by (Lympieropoulos *et al.* 2006) show that judgements formed by customers about the overall excellence of banks, are key to gain competitive advantage. Service excellence is possibly one of the main choice criteria for customers in establishing a vigorous relationship with the bank via prolonged services, such as mortgage loans. This presents a window of opportunity on the basis that maintaining service excellence is a vital component for developing profitable long-term customer relationships.

The concept of retail banking refers to banking services which are provided by banks to individual customers. Thus, all forms of business banking were excluded for the purpose of creating this thesis. The financial products offered by retail banking are many. A general classification would normally include the following titles: transaction and payment products, such as debit cards and cheque accounts; investment products, such as fixed deposits and unit trusts, savings accounts; credit and borrowing products, such as credit cards, overdrafts, home loans, and automobile loans; and financial planning products such as, retirement plans and education plans (Bick *et al.* 2004). Retail banking, was chosen as the domain of this thesis because, it presents a vital context for the understanding of service excellence. Additional factors were considered for this choice, including the following:

### ▪ **Homogeneous Retail Banking Products**

The large branch network has enabled banks to capture market share. This allowed the provision of homogeneous products and services at the cost of a large number of employees (Jayawardhena and Foley 2000), and to mitigate demand fluctuations on each location. Despite this effort on sustaining the homogeneous package of retail banking services, customers' preferences are not possibly similar. For example, customers have different preferences, for issues such as retail banking distribution channels (Devlin 1995). Scholars have emphasised the importance of understanding the issue of consumer heterogeneity in determining their behaviours (Dabholkar and Bagozzi 2002; Meuter *et al.* 2000). Therefore, it is suggested that organisations should partition their customers based on behaviourally and attitudinally homogeneous groups (Jayawardhena and Foley 2000). The challenge of such effort is twofold. First, differentiating services which are homogeneous. Second, serving a large customer base, which holds heterogeneous perceptions. On the other hand, this obliges customer service excellence to be counted during the analysis of competitive strategies (Avkiran 1994).

### ▪ **Long- term Customer Relationships**

Long-term customer relationships bring more personal contact and imply the formation of better perceptions of excellence (Bejou and Ennew 1997). The key ways to build a strong competitive position are through customer relationship management, quality, and differentiation (Zineldin 2005). A bank has to create customer relationships that deliver excellent service perceptions. This entails adding tangible and intangible elements to the core products (Zineldin 2005). However, in order to improve quality of services, it has to be measured (Zineldin 2005). Therefore, one important element for the realisation of excellence and the creation of value added in the long- term is continuous quality measurement and control. This is an important function to ensure the achievement of customers' requirements (Zineldin 2005). At the same time, long term customer relationships and measuring related quality formulate certain challenges, both at the level of the economy and the level of the business operations. Hence, one way to resolve some of the

measurement difficulties is to establish a clearer link between excellence, customer relationship, and competitive positioning (Zineldin 2005).

- **Customer Service and Retention**

The importance of customer service and retention for banks (Reichheld and Kenny 1990), enforces SE. Because, organisations with the closest and strongest customer relationships, will stand the best chance of retaining the customer's transactions (Zineldin 2005). One way is to select a few key market targets and to concentrate on trying to serve them better than competitors (Zineldin 2005). Another guideline is to sustain quality through retention, by maintaining the tangible aspects and physical surroundings (Al- Hawari and Ward 2009). This emphasizes that although adding value requires adapting to technological advancements and integrating automated services, but having a high level of face-to-face banking should not be ignored (Al- Hawari and Ward 2009).

- **Exceeding Expectations**

Meeting customers' expectations is not enough anymore for banks, it is exceeding expectations is what counts the most (Teixeira and Ziskin 1992). The industry is facing a dramatically aggressive competition, which lead traditional banking to lose a substantial proportion of their domestic business to non-bank competition. Since competition is expected to continue, banks should build and protect their competitive position by establishing relationships that deliver value beyond the provided core product. This includes added tangible and intangible elements to the core products (Zineldin 2005). According to Zineldin (2005: 354). customer-delivered value can be defined as:

“The total value offered to a customer less the total cost to the customer.”

Total customer value can include functional value of the product, service value, emotional value, social value, and conditional value. On the other side, total

customer cost may include monetary price, time, shopping efforts, energy, and psychological cost value. Building added value is the hard work of basic business (Zineldin 2005). Many organisations attempt to understand how to exceed customers' expectations at low cost, but, so do competitors. To shield its added value, a bank should manage, create and improve long-term customer relationships (Zineldin 2005).

### ▪ **Customer Satisfaction and Financial Performance**

Excellent services at banks have proven to exert a link with customer satisfaction and enhanced financial performance (Roth and van der Velde 1991b). A competitive market position coupled with a good reputation might possibly translate into market share and profit. There are other conditions to achieve this, like developing a service commitment, and giving attention to what customers want and need (Zineldin 2005). Unlike manufacturing and some other service industries, banks are not just selling products and services. More importantly, they are selling their organisation reputation with every "customer relationship". An effective customer relationship requires the marketer to make specific efforts to create, excellent services in order to enhance customer satisfaction, which leads to loyalty.

Many banks are increasing their service quality levels in order to compete in the market, and sustain their growth and profits. The outcome of such increased level of service quality, or service excellence, is suggested to affect the profitability of banks (Kim and Kleiner 1996). It can help cut costs by making employees more attentive to details by reducing errors and it can boost revenues by increasing customers' loyalty (Kim and Kleiner 1996). Reichheld (1996) found that a five per cent increase in customer loyalty produces an eighty-five per cent increase in profitability in the banking industry. Viewed in this light, it is postulated that managing SE determinants strategically can be regarded as a vitally important issue in the banking industry.



### ▪ **Intangibility of Banking Services**

Service intangibility presents a challenge in understanding how consumers perceive services and service quality (Parasuraman et al. 1985). The level of intangibility is being escalated by the exploitation of modern technology, which is also increasing the urgency of establishing robust corporate branding in the financial services industry (Vargo and Lusch 2004).

As Gummesson (1995) has argued, customers do not purchase goods or services, but they purchase offerings which form value. Consumers purchase customer satisfactions, symbolic meanings, and benefits (Vargo and Lusch 2004: 328). The task is for retail banking services providers to re-define their offerings. Another task is to view services from a customer perspective, which should facilitate adding value.

### ▪ **Risk and Uncertainty**

The banking industry provides a good example where banks must respond to risks, changes, and uncertainty in the external environment. For example, customer deposits are less stable than loans, customers will change banks rather easily, and there are severe competitive and technological changes. The implication is that banks must not rely on producing only one or few products, such as loans or current accounts. Banks have to diversify into different and new areas such as fund management, leasing, etc. in order to mitigate the surrounding risks. Al- Hawari and Ward (2009) found out that personalising services would reduce risk and uncertainty banking relationships. Hence, excellence issues should be related to technological changes and automated services interaction with the customer should be seen as complementary to the excellence issues of traditional service interactions rather than substitutes for them. Overall, SE is an essential strategic component for organisations attempting to succeed and survive in a highly competitive environment (Parasuraman et al. 1985; Reichheld and Sasser 1990).

## CHAPTER TWO-BACKGROUND TO THE UK BANKING SECTOR

Based on the distinctive factors presented in the preceding discussion, the area of service excellence, with focus on retail banking was chosen for this thesis.

A meta-analysis reveals that the past 2 decades, have witnessed an increased number of research efforts on the subject, this is summarised in Table 2-4.

**Table 2-4: Service Excellence in Banks-Literature Review**

<b>Serial No.</b>	<b>Literature Source</b>	<b>Context</b>	<b>Country</b>	<b>Service Quality or Service Excellence?</b>	<b>Summary of Findings</b>
<b>1</b>	Blanchard and Galloway (1994)	Retail Banking	UK	Service Quality	Developed a model to measure quality, based on initial intention to use the SERVQUAL.
<b>2</b>	Ennew and Binks (1996)	Retail Banking	UK	Service Quality	Focused on the relationship between service quality and customer loyalty and retention using evidence from the UK banking sector and its small business customers.
<b>3</b>	Kim and Kleiner (1996)	Retail Banking	USA	Service Excellence	Banks share common elements of service excellence: clear banking culture, committed management, employee empowerment, and improvement of operating processes with technological applications.
<b>4</b>	Newman and Cowling (1996)	Clearing Banks	UK	Service Quality	Presented an empirical study of major quality improvement initiatives and provided useful comparisons, contributing new evidence concerning the validity of the SERVQUAL model.
<b>5</b>	Johnston (1997)	Retail Banking	UK	Service Quality	Provided managers with a framework to help them assess the likely impact of any service quality initiative in terms of its effect and importance.
<b>6</b>	Aldlaigan and Buttle (2002)	Retail Banking	UK	Service Quality	Found that customers evaluate service quality at two levels: organisation and transactional.
<b>7</b>	Caruana (2002)	Retail Banking	Malta	Service Quality	Evaluated service loyalty with banking customers. Results showed that customer satisfaction played a mediating role in the effect of service quality on service loyalty.
<b>8</b>	Zhu <i>et al.</i>	Retail Banking	USA	Service Quality	Explored the impact of IT on service quality.

Serial No.	Literature Source	Context	Country	Service Quality or Service Excellence?	Summary of Findings
	(2002)				Their results showed that IT based services have a direct impact on the SERVQUAL dimensions and an indirect impact on customer perceived service quality and customer satisfaction.
9	Gounaris <i>et al.</i> (2003)	Retail Banking	Greece	Service Quality	Modelled the influence of bank-specific (market orientation) and customer-specific (comparison shopping, influence by word-of-mouth-communication and personal relations employees) parameters on the customer's perception of service quality.
10	Bates <i>et al.</i> (2003)	Organisations (including banks)	UK	Service Excellence	Provided insights into the relationship between service excellence and performance.
11	Cui <i>et al.</i> (2003)	Retail Banking	South Korea	Service Quality	Used an amended version of the SERVQUAL to assess service quality.
12	Wang <i>et al.</i> (2003)	Retail Banking	China	Service Quality	Evaluated service quality and product quality, and their influences on bank reputation, using a structural equations model. They concluded that both service quality and product quality had an influence on bank reputation.
13	Jones (2004)	Retail Banking	Kuwait	Service Excellence	Developed a scorecard to support a Kuwait based bank, for the delivery of superior service in its market.
14	Al-Marri (2007)	Banking	UAE	Excellence-TQM	Sixteen factors were found to be critical to TQM implementation success.

Source: The Author

The main finding from Table 2-4 is that no single study focused on measuring service excellence within the UK retail banking context. Previous studies on SE did not develop a model for evaluating SE, instead the efforts were limited to addressing common elements (Kim and Kleiner 1996) (scorecards (Jones 2004), and general insights (Bates *et al.* 2003). On the other hand, the literature review shows that the majority of scholars limited their work to the application of the SERVQUAL (For example, Blanchard and Galloway 1994; Newman and Cowling 1996; Zhu *et al.* 2002; Cui *et al.* 2003).” Thus, there is a demand for better understanding of excellence.

In spite of its importance, there are many gaps that exist in the literature relating to service excellence within banking. There is a lack of precision in assessing service excellence in banking, as the majority of the literature assesses service quality rather than service excellence *Table 2-4*. As opposed to the vast majority of studies, which emphasise service quality in banking, only 3 studies assessed service excellence in banking (specifically, Bates *et al.* 2003; Jones 2004; Al-Marri 2007). Out of the three studies, 2 studies relate to service excellence from an organisational theory perspective (in specific, Bates *et al.* 2003; Jones 2004), out of which only one study measured banking service excellence, in the UK. This creates evidence, that no previous studies measured service excellence in UK banks. The reason might be that, evaluating bank service excellence rather than quality is seen as a complex process, primarily because it is a service, and services are intangible, which prevents evaluation before an interface or encounter. More specifically, the higher intangibility of financial services is often difficult to understand (Harrison 2003:206). This is further demanding knowing that there is no publicly recognised and standard measurement instrument to assess the perceived excellence of bank services (Bahia and Nantel 2000). Indeed, the available measurement scales are either developed by specific banks exclusively, or are developed to measure service excellence in different services organisational settings, in general.

For example Bahia *et al.*'s (2003) definition, provides a broader perspective to service excellence, which is managed by measuring financial performance of

organisations, given the reputation of excellent services. First, their study was not context specific; since it was applied to general organisational settings, at large. Second, the assessment of excellent performing organisations was not based on a validated scale. Instead, it was based on following an exercise where sample members ranked organisations on the basis of reputation organisational performance. Another example is, Lympelopoulos *et al.* (2006: 375), where they define service quality as “customers judgement about an entity’s overall excellence or superiority”. First, the mix-up between quality and excellence is evident. Second, the main purpose of their study was to assess the reasons that determine customers’ choice for banks, rather than evaluating what determines excellence in banks.

Service excellence is obviously important in the recent banking research. The literature supports that perceived service excellence, is a significant construct for the success of recent banking business. Knowing that service excellence is of great value, a bank is able to differentiate from competition on the basis of customers’ selection criteria, by attracting new customers and building effective long-term relationships with them. This leads to gaining remarkable competitive advantage (Lympelopoulos *et al.* 2006).

### **2.6 CONCLUSION**

An overview of the UK’s financial services in general and retail banking in particular, uncovered many differentiating aspects. The financial services industry is one of the anchor industries in the UK economy. The industry consists of a full range of varied activities, amongst which banks comprise the largest sector. Being the context which this thesis is empirically based on, banks in the UK were explored in more details in this chapter. Further, a general market overview was explored based on four major provided services or transactions: current personal accounts, mortgage accounts, saving deposit accounts and loan accounts. The market was

found to be dominated by major players in each category, Lloyds banking Group being the market leader. A matter of interest would be to compare whether this ranking in the market is synonymous with customers' perceptions of service excellence.

The chapter proceeded with introducing the options available for retail banking service delivery. Banks have shifted from the traditional reliance on face-to-face branch banking to employ a combination of other delivery channels, namely: ATM, telephone and internet channels. The automated channels are generally items reflected from technology. Chapter four of this thesis proposes Technology as an antecedent for service excellence.

The chapter continued with introducing changes in the banking sector. The multiplicity of external changes, which range from economic to market competition, had a large influence on the banking structures. One of the lessons learned for banks, was the redefinition of their business operations to improve and strengthen their performance. Further, the development of this thesis started in 2007, a time followed by the financial crises which had started in 2008, which was an influence that had to be recorded in general, as one of the major changes in the banking sector.

Detailed background to service excellence is presented in Chapter three of this thesis. Nevertheless, the final section of this chapter compiles a focused literature review on retail banking. The general finding is that although a generous amount of research attempted to assess service quality, only a few have measured service excellence in UK banks. To contribute in closing this gap, this thesis aims to explore the ways for improving bank performance by looking at the potential variables which customers perceive for excellence in retail banking services. The next chapter presents the methods and methodology that were applied in this thesis.

### **3 CONCEPTULISATIONS OF SERVICE EXCELLENCE**

#### **3.1 INTRODUCTION**

It is often realised that in order to retain customers, and to survive and grow, organisations must provide a high quality of services. Consequently, academic and managerial interest in service quality has elevated in the services marketing literature in the past several years. This is displayed via the critical conceptual and measurement issues related to service quality, whereby researchers have attempted to address related issues vigorously.

Additionally, service quality is an elusive construct, mainly because of the unique features that differentiate services from goods. Intangibility, inseparability of production and consumption, heterogeneity and perishability are the four well-documented features of services acknowledged in the services marketing literature (Evardsson *et al.* 2005). Because of these unique features, and the difficulties of defining and delimiting quality as it applies to intangibles, the measurement of service quality in specific service industries remains a challenge (Sahay 2005; Akbaba 2006; Sousa and Voss 2006; Sharabi and Davidow 2010).

Service excellence, in particular, is a more recent and even less researched area. Although the concept was originally introduced by Peters and Waterman (1982), it was subject to a successive research agenda, which has shifted focus from the organisational theory perspective towards equally important domains such as information technology and services marketing.

This chapter is primarily concerned with conceptualising and addressing SE, taking into consideration the differences between service quality and service excellence, and consolidating a broad review of relevant literature. As a result,



adding a more integrated approach into the research family that seeks to provide better understanding of service excellence. As such, this chapter may be categorised into two broad parts. The first part screens service quality definitions and conceptualisations, while the second deals with distinguishing SE conceptually, by defining the construct, reviewing its conceptualisations and discussing special issues about it. The reason behind this classification is that although SE is the main theme of this thesis, understanding the roots remains vital and provides a better picture of the area under research.

This chapter aims to create a customised definition of SE, with focus on retail banking, being a vital domain for understanding the concept. The chapter proceeds with unfolding the different domains encountered during this research, which all equally focus on SE, but from different perspectives.

### **3.1.1 Service Excellence or Service Quality?**

There appears to be a confusion in the literature about the differentiation between service quality and service excellence, this is elevated by the intangibility nature of services, which makes it hard to set standards, because the simultaneous production to consumption elements of service makes it difficult to detect and correct defects in service encounters (Harvey 1998). In spite of the difficulties in the service industry, a differentiation between the two terms is vital because quality is no longer a competitive edge. Instead, superior quality, or service excellence, is essential in maintaining customer confidence in the service provider's market leadership (Parasuraman *et al.* 1994; Parasuraman *et al.* 1995, Evardsson 2005).

Further, despite the continuous, focus on service quality and various associated concepts, the promise of excellent service delivery might seem far from being realised because service excellence concepts are not well developed. In this

respect, the service sector lags behind the production sector. Moreover, the service sector is still slower than the production sector in adopting total quality management related philosophies and continuous improvement theories (Ghobadian *et al.* 1994). As far as quality is concerned, there are major differences between services and production sectors. This is further complicated by specific characteristics of the service sector, which raise the complication of quality improvement efforts. Therefore, it is suggested that service organisations should “create a seamless system of linked activities that solves customer problems or provides unique experiences” (Gustafsson and Johnson 2003: 29).

For the aforementioned reasons, there is a need to understand better the factors within the services sector that create value and the foundation elements that differentiate excellent services from others (Antonacopoulou and Kandampully 2000). This requires a critical examination of how service value can be perceived and enhanced to reach optimum levels. In particular, highlighting some of the contextual factors which may potentially facilitate the value added dimension that marketing input can bring to service delivery. The difference can be illustrated in the form of continuum, *Figure 3-1*:

**Figure 3-1: The Difference between Service Excellence and Service Quality**



*Source: The Author*

As a reminder service quality is often mixed up with quality of service (QOS). Based on the explanation of Kesh *et al.* (2002), QOS is related to describing the overall quality efforts. In this thesis, service quality is suggested to be the threshold for service delivery, whereby providing poor services stands on one end, and on the other opposite end stands SE. The literature has merely begun to discuss the importance of the shift in orientation from service quality and customer satisfaction,

to service excellence and delight (Antonacopoulou and Kandampully 2000). Further comparison between SE and SQ, is plotted in Table 3-1.

**Table 3-1: The Difference between Service Excellence and Service Quality**

Dimension	Poor Service	Service Quality	Service Excellence	Source
<b>Definitions</b> <sup>14, 15</sup>	Providing services below expectations.	Meeting Expectations.  The gap between customers' expectations of service and their perceptions of the service experience.	Exceeding expectations while being easy to do business with. Creating value.	The Author;  Parasuraman <i>et al.</i> (1985: 42);  Johnston (2004)
<b>Characteristics</b>	<ul style="list-style-type: none"> <li>▪ Not delivering what was promised.</li> <li>▪ Being impersonal</li> <li>▪ Not making any effect</li> <li>▪ Not dealing well with problems and queries</li> </ul>	<ul style="list-style-type: none"> <li>▪ Attentiveness-helpfulness</li> <li>▪ Care</li> <li>▪ Commitment,</li> <li>▪ Functionality,</li> <li>▪ Integrity</li> </ul>	<ul style="list-style-type: none"> <li>▪ Delivering the promise</li> <li>▪ Providing a personal touch</li> <li>▪ Going the extra mile</li> <li>▪ Dealing well with problems and queries.</li> </ul>	Johnston and Silvestro (1990);  Johnston (2004).
<b>Emotional Outcome</b>	<ul style="list-style-type: none"> <li>▪ Dissatisfaction, outrage, anger, frustration</li> </ul>	<ul style="list-style-type: none"> <li>▪ Satisfaction</li> </ul>	<ul style="list-style-type: none"> <li>▪ Delight,</li> <li>▪ Serenity,</li> <li>▪ Happiness</li> </ul>	Johnston (2004)
<b>Examples of Measurement Model: determinants</b>	<ul style="list-style-type: none"> <li>▪ Model of customer reactions to service failure: Exit and Retention (Colgate and Norris 2001).</li> </ul>	The SERVQUAL: <ul style="list-style-type: none"> <li>▪ Reliability</li> <li>▪ Assurance</li> <li>▪ Tangibles</li> <li>▪ Empathy, and</li> <li>▪ Responsiveness</li> </ul> (Parasuraman <i>et al.</i> 1990).	EXCEL: <ul style="list-style-type: none"> <li>▪ General Excellence, Value and People Driven, Close to the Customer</li> </ul> (Sharma <i>et al.</i> 1990).	(Parasurama n <i>et al.</i> 1990; Sharma <i>et al.</i> 1990; Colgate and Norris 2001).

<sup>14</sup> For more details on service quality definitions, refer to Table 3-2.

<sup>15</sup> For more details on service excellence definitions, refer to Table 3-5.

As a first step towards understanding what determines SE, and how it should be delivered, a differentiation from SQ is necessary. SE means exceeding customers' expectations, which requires organisations to do no more than they promise (Johnston 2004). This replaces the prevailing Japanese notion of zero-error, with dealing well with problems. For example, if a customer faced a problem with a certain banking services, he/she might still come back to the same provider and perceive it as excellent if the provider had a strategy to deal with this problem efficiently (Johnston 2004), and given that the basic requirements (i.e. SQ), are met. This means that customer retention might still be possible even in situations of problems. Further, it is assumed that the final outcome of SE is delight (Johnston 2004), which is based on exceeding expectations before, during, or after the service encounter. This is opposed to satisfaction only as the outcome of SQ (Grönroos 1990; Johnston 2004). This difference between delight and satisfaction is what creates the emotional bonding between the service provider and the customer, and it is what may create customer retention, trust, repeat purchases and loyalty. This is hardly the case with SQ, which is seen as meeting the expectations for the purpose of achieving a business aim for a specific service or product within a certain organization (Olaisen 1990).

Hence, SE may be described as exceeding customers' expectations as a means for achieving a wider strategic aim. Excellence should be continuous and strategic, while quality does not have to be. This is based on the definition that quality is conforming to operational specifications."

The upcoming sections of this chapter, examine the underlying concepts of service excellence and service quality, by reviewing several definitions, measurement models and perspectives. The aim of this wide-ranging review is to bring a variety of ideas together. This will promote a better understanding of pertinent issues and concepts open to differentiating service excellence from service quality. The starting point, however, is a brief examination of differences between

service excellence and quality. This will set the scene and help place service excellence in a proper context.

### 3.2 DEFINITIONS OF SERVICE QUALITY

The emphasis on quality in recent years has gained momentum and has been a central cause to many of the changes observed within organisations operationally and strategically (Antonacopoulou and Kandampully 2000). Service quality has always been considered as one of the most important research topics, because it relates to costs (Bell *et al.* 2005), financial performance (Al-Hawari and Ward 2006), customer satisfaction (Spreng *et al.* 1995), customer retention (Zeithaml and Bitner 2003) and leads to more effective resource utilisation (Antonacopoulou and Kandampully 2000).

While different researchers focused on different aspects of service quality, there is no standard, parsimonious nor encompassing definition or model of quality (Reeves and Bednar 1994). Subsequently, the difficulty of reaching agreement as to what is quality and what it should entail has given way to the multiplicity of interpretations which is evident in much of the popular literature (Kandampully 1998). Further, quality is relative from one person to another, therefore, it can mean different things to different people, and it can be looked at from different angles. This is reflected in the widely diverse attempts to define service quality (for example, Grönroos 1984; Parasuraman *et al.* 1985, 1988, 1994; Zeithaml *et al.* 1990). The result is a diversified literature with several definitions of the term and with no consensus about the conceptualisations of service quality (Cronin and Taylor 1992).

A comparison of the different service quality related terminologies is illustrated in *Table 3-2*. The terminologies are distributed across a ranging variety of disciplines, and are arranged in chronological order over a period that covers approximately two decades and a half.

**Table 3-2: Service Quality Related Terminology Definitions**

Serial No.	Construct	Definition	Literature Source	Discipline
1	Service quality	Service is a measure of how well the service level delivered matches customer expectations. Delivering quality service means conforming to customer expectations on a consistent basis.	Lewis and Booms (1983: 99-100)	Services Marketing
2	Service quality	The comparison of expected service with perceived service. It is the outcome of a comparative evaluation process.	Grönroos (1984: 37)	Services Marketing
3	Service quality	The gap between customers' expectations of service and their perception of the service experience.	Parasuraman <i>et al.</i> (1985: 42)	Services Marketing
4	Perceived service quality	Consumer's judgment about an entity's overall excellence or superiority. It is a form of attitude and results from a comparison of expectations to perceptions of performance received.	Zeithaml (1987: 88)	Services Marketing
5	Perceived service quality	The discrepancy between what the customer feels a service provider should offer (i.e. expectations) and perceptions of what the service firm actually offers	Parasuraman <i>et al.</i> (1988: 14)	Services Marketing
6	Perceived service quality	How well the service delivered matches the customer's expectations	Lewis (1989: 6)	Services Marketing
7	Service quality	The extent of discrepancy between the customers' expectations and their perceptions.	Zeithaml <i>et al.</i> (1990: 51)	Services Marketing
8	Service quality	Service quality is the planned degree of performance intended for a specific market segment, and the control of variability in achieving that performance, in meeting the customer's requirements for core services, supporting and facilitating services.	Olaisen (1990: 192)	Information Technology
9	Service quality	Service quality in banking implies consistently anticipating and satisfying the needs and expectations of customers.	Howcroft (1991: 13)	Services Marketing
10	Service quality	The degree of discrepancy between customers' normative expectations for the service and their perceptions of the service performance	Parasuraman <i>et al.</i> (1994: 204)	Services Marketing
11	Service quality	Excellence, value, conformance to specifications, and meeting or exceeding expectations	Reeves and Bednar (1994: 419-20)	Services Marketing

Serial No.	Construct	Definition	Literature Source	Discipline
12	Perceived service quality	Perceived service quality is a global judgment, or attitude, relating to superiority of the service, whereas satisfaction is related to a specific transaction.	Avkiran (1994: 10)	Bank Services Marketing
13	Service quality	A set of sub-dimensions such as reliability and responsiveness that precedes customer satisfaction.	Dabholkar <i>et al.</i> (2000: 141)	Services Marketing
14	Information quality	The overall value delivered through a series of exchanges.	Yoon <i>et al.</i> (2000)	Information Systems
15	Service quality	Consumers judgement about an entity's overall excellence or superiority	Lymperopoulos <i>et al.</i> (2006: 375)	Services Marketing
16	Service quality	The extent to which a firm successfully serves the purpose of customers.	Yoo and Park (2007: 910)	Services Marketing

Source: The Author

The following points are concluded from the definitions in *Table 3-2*:

- The literature demonstrates lack of consistency in the definitions that have been developed for more than 24 years of efforts. This is due to the large number of authors attempting to define service quality, whom hold different perceptions of what should lie within the core of service quality, or what they perceive its conceptualisation entails.
  
- The main focus of the definition is the customers (for example, Grönroos 1984; Parasuraman *et al.* 1985, 1988, 1994; Zeithaml 1987; Zeithaml *et al.* 1990; Howcroft 1991; Reeves and Bednar 1994; Dabholkar *et al.* 2000). Considering that it is the customer's perceptions that rate the service quality of an entity, is emphasised by many researchers. For example, the definition produced by Howcroft (1991: 13), that “service quality in banking implies consistently anticipating and satisfying the needs and expectations of customers”, covers most of the issues raised. Indeed, it is customer centred, but in requiring the definition of needs it does not presume upon the customers’ prior knowledge or technical competence, while in allowing for expectations it implies that the service should take account of this prior knowledge and experience. It also requests an appreciation of the nature of customer expectations in requiring that these expectations be anticipated (Blanchard and Galloway 1994). This implies that banks which are seeking to provide high quality services should identify customers’ expectations, and establish the way to understand which of those expectations customers prioritise.
  
- Service quality is normally defined according to perceptions created by customers. This is parallel with the previous point, because since the customer is the main foci, the customer's experiences form judgments about services provider’s performance (Bejou and Ennew 1997), which makes it logical to use the term perceived service quality rather than plainly service quality (Zeithaml 1987; Parasuraman's *et al.* 1988; Yoo and Park 2007). This is also compatible with



the nature of services, which complicates service quality, because it leads to forming judgments about services that are intangible, difficult to assess and situational (Bejou and Ennew 1997). This is further interfered by the multiplicity of factors that might possibly emerge, interfering in the decision process of consumers.

- Initially, there was no differentiation between service quality and service excellence, since both terms were used to imbed the same meaning. For example, Zeithaml (1987: 88) define perceived service quality as “consumer’s judgment about an entity’s overall excellence or superiority”. This is followed by Reeves and Bednar (1994), where in their definition excellence is the first word used to define service quality. Nonetheless, as the literature develops, the emphasis shifts towards using the term service excellence carefully with attempts to differentiate this level of service from the threshold service quality level, as illustrated later in this chapter,
  
- Definitions of service quality change overtime, this is fortified because customers’ understanding of service quality is relative and changes according to updated expectations. This is exemplified by Parasuraman *et al.*'s (1985, 1988, 1994) updated versions of service quality definitions.

Overall, defining quality is not a straightforward task, given that it is the customers who define quality rather than the service providers. Moreover, each customer might define quality in a slightly different way than the other depending upon demographic factors such as age, education income, wealth and life-style. To embrace the concept of service quality, service providers need to become increasingly customer-driven and to respond to customer needs rather than to rely on their own perceptions of what customers require. Thus, many definitions such as Lewis (1989) and Moore (1987) assure that service quality should focus on meeting

the customers' needs and requirements, and how well the service delivered matches the customers' expectations of it.

### 3.3 CONCEPTUALISATIONS OF SERVICE QUALITY DIMENSIONS

During several attempts to investigate how service quality is evaluated, researchers formed service quality conceptualisations from different perspectives. For instance, the literature suggests that there are two broad conceptualisations of service quality (Parasuraman *et al.* 1991; Morgan and Piercy 1992) based on the agreement between most authors that service consists of an outcome and a process element. Outcome is the achievement by the customer (Roberts and Cambell 2007), for example, cash from an ATM, a suitable mortgage or credit card issuance. Process is the interaction between the customer and the service unit. Levesque and McDougall (1996) support this differentiation by identifying two factors: outcome aspects and relational aspects. The first factor, outcome or operational, is the tangible component that is centred in the organisation's operations and delivery systems. This component includes factors such as timeliness, accuracy, convenience, and is somehow a measure of the efficiency of the organisation. Moreover, it is pointed out that the perceptions of quality are heavily influenced by expectations, which are consequently added as a third conceptualisation (Parasuraman 2005; Hernon and Altman 2010).

Another perspective that the literature adopts, is to define the dimensions of service quality. Three major conceptualisations contributed to this perspective. The first, was identified by Grönroos (1984), and proposed that the dimensions of service quality are: functional and technical (outcome). The second, identified by Parasuraman *et al.* (1988), and suggested dimensions to describe the quality of service-encounter (process) characteristics including reliability, responsiveness, empathy, assurances and tangibles. The third, proposed by Rust and Oliver (1994), considers overall perceptions of service quality based on the customer's evaluations

of three dimensions of service encounters, namely, the customer-employee interaction, the service environment and the service outcome.

A different perspective that researchers generally adopt is based on one of two different conceptualisations, the American or the European perspective (Brady and Cronin 2001). The American perspective focuses on functional quality attributes of service quality and represented by Parasuraman's SERVQUAL model while the European perspective suggests that service quality considers two more components, technical and image quality, as represented by Grönroos's model.

One more perspective is based on measuring service quality by comparing customers' expectations with actual performance of the service (Lewis and Booms 1983; Grönroos 1984). In this perspective, customer expectations are beliefs about service delivery that function as standard or reference points which performance is judged against (Zeithaml and Bitner 2003).

Apparently, the literature seems to be at odds over how to classify service quality dimensions. Indeed, service quality determinants, as represented by different service quality measurement models, are widely debated. Table 3-3 depicts major determinants of service quality.

**Table 3-3: Determinants of Service Quality**

<b>Sasser <i>et al.</i> (1978)</b>	<b>Parasuraman <i>et al.</i> (1988)</b>	<b>Grönroos (1988)</b>	<b>Haywood -Farmer (1988)</b>	<b>Lehtinen and Lehtinen (1991)</b>	<b>Berry <i>et al.</i> (1994)</b>	<b>Rust and Oliver (1994)</b>	<b>Ghobadian <i>et al.</i> (1994)</b>
(1) Security, confidence as well as physical safety (2) Consistency, receiving the same each time (3) Attitude politeness and social, manners (4) Completeness ancillary services available, condition of facilities (5) Availability, access, location and frequency (6) Training	(1) Reliability, the ability to perform the service dependably and accurately (2) Responsiveness, the willingness to help customers and provide prompt service (3) Tangibles, the physical facilities, equipment, and appearance of personnel (4) Assurance, this dimension refers to employees' knowledge, courtesy and ability to convey trust and confidence (5) Empathy, the level of caring and individual attention provided to customers	(1) Professionalism, skills (technical (related) (2) Reputation, credibility (image related) (3) Behaviour, attitudes (4) Accessibility, flexibility (5) Reliability, trustworthiness	(1) Communication (2) Honesty (3) Confidentiality (4) Attentiveness (5) Neatness (6) Equitability	(1) Physical quality, equipment, premises tangibles (2) Corporate quality, image and profile of the organisation (3) Interactive quality customer contact with service personnel and other customers	(1) Listening to customers (2) Reliability (3) Customers want basic service (4) Poor service quality is a system design problem (5) Good service recovery can overcome poor service delivery (6) Service excellence includes outcome and process (7) Customer fairness (8) Teamwork (9) Employee feedback (10) Leaders should serve employees	(1) Customer/employee interaction (functional or process quality) (2) Service environment (3) Outcome (technical quality)	(1) Market, customer focus (2) Motivated, well-trained frontline staff (3) Well-designed process (4) Devolvement of responsibility and authority to the frontline staff clear definition of quality; effective internal and external communications, measurement

Source: The Author

A review of the relevant literature, *Table 3-3*, reveals that the principal focus of service quality research is twofold. First, the identification of service quality dimensions was of primary interest to researchers (Parasuraman *et al.* 1985, 1988, 1991). Second, the development of measurement instruments of service quality was the focus of subsequent research efforts (Parasuraman *et al.* 1988, 1991, 1993; Cronin and Taylor 1994; Asubonteng *et al.* 1996; Buttle 1996; Athanassopoulos 1998, 1999). In addition, although most of the dimensions, *Table 3-3*, are advocated in the literature, they are faced by much criticism. For example, the SERVQUAL, being one of the most well-known models and which is originally developed by Parasuraman *et al.* (1985, 1988, 1991) faced much criticism. The following are major criticism depicted in the literature:

- Ambiguity in the definition of expectations and its applicability to a variety of industries (Cronin and Taylor 1992, 1994; Teas 1994).
- An application of SERVQUAL in retail banking also found problems with its dimensionality and the usefulness of expectation scores (Lam 1995).
- The framework does not explicitly consider the relative importance of different attributes of services (Johnston 1997; Joseph *et al.* 1999)

Generally, the common thrust through all of the research efforts on the subject of service quality, puts forward that the criteria customers use to evaluate service quality are hybrid and difficult to determine precisely. This is due to the fact that services are intangible and heterogeneous, meaning that their performance often varies from provider to provider, from customer to customer and from context to context (Athanassopoulos *et al.* 2001). Furthermore, customers do not assess service quality solely on its outcome, but they consider the process of service delivery as well as the context (Grönroos 1990b; Kotler 1994). As a matter of fact, the agenda of service quality has very quickly been enhanced by creating the domain of customer satisfaction where most aspects of the marketing mix have been included into its determination.

Despite that the identification of service quality determinants has proven to be useful for measuring service quality, a better pragmatic approach to the previous determinants is to develop measurement models that will lead to the improvement of service quality. Because, it is one thing to know that the gap exists, it is perhaps more important to find ways to close the gap (Kuei and Lu 1997). As such, an important question would be: does similar identification assist in understanding service excellence? The different dimensions and conflicting conceptualisations demonstrate a potential utility which at least warrants that further investigation is required.

### **3.4 DEFINING SERVICE EXCELLENCE**

The on-going concern with quality, despite the confusion it often creates with what it actually means, has made more obvious the competing priorities that need to be managed within organisations and, perhaps more significantly, it has highlighted the differences between organisations that provide quality services and organisations that are excellent. Even though customers may acknowledge when they have received SE, and indeed poor service, defining the concept and operationalising it, appears to be vague, especially when little has been written to define the nature of excellent services. Indeed, many academics have made contributions to the extensive literature on service quality, its conceptualisations, determinants and factors, its nature and how it can be improved. On the contrary, there is much less work on service excellence and how organisations can achieve delighted customers (Johnston 2004).

A statistical overview through the major online research engines, revealed that the number of total publications where the concept of SE and service quality have appeared somewhere in the title or the abstract of papers, rockets beyond 3,240 between 1992 and 2012, in Emerald. Further, there are at least 89 articles

published together in Elsevier and Science Direct since 2002, where SE appeared in either the title, abstract or key words.

**Table 3-4: Statistics in Journals Addressing Service Excellence**

Journal Name	Results-in Article Title	Results-in Abstracts	Total
International Journal of Bank Marketing	1	11	12
European Journal of Marketing	0	5	5
Journal of Financial Services Marketing	1 <sup>16</sup>	0	1
Journal of Services Marketing	0	4	4
<b>Total</b>	<b>2</b>	<b>20</b>	<b>22</b>

*Source: The Author*

Contrary, based on selecting a profile of the most closely related journals to the domain of this thesis, *Table 3-4*, it is observed that SE does not appear as much within the domain of services marketing. Although SE is a subject of interest to many scholars, the concept was embedded within service quality research, due to the lack of differentiation and clarity which exists in the literature.

As far as the extensively reviewed literature, there are a few definitions with regards to service excellence, as recorded in Table 3-5.

<sup>16</sup> Within the context of banking and in The Journal of Financial Services Marketing, there are only 8 articles whereby *service quality in banks* is included in the title, zero journal articles whereby *service excellence in banks* is included in the title, and 9 books whereby *service excellence in banks* is included in the title.

**Table 3-5 : Service Excellence Definitions**

<b>No.</b>	<b>Terminology</b>	<b>Definition</b>	<b>Literature Source</b>	<b>Discipline</b>
1	Service Excellence	Firms that enjoyed superior services continually respond to change of any sort in their environments	Peter and Waterman (1982: 12)	Organisational Theory
2	Excellence	The various managerial principles and practices that can lead to superior performance through the delivery of outstanding customer service	Bejou and Ennew (1997: 56)	Services Marketing
3	Service Excellence	Service excellence is the transformation of services to higher value, value perceived by the customer, through the influence of the people within it.	Antonacopoulou and Kandampully (2000: 18)	Services Marketing
4	Organisational Excellence	Organisational excellence is outstanding practice in managing organisations and delivering value for customers and other stakeholders.	Moullin (2002: 96)	Organisational Theory
5	Service Excellence	Excellence is about being "easy to do business with" rather than necessarily exceeding expectations.	Johnston (2004: 131)	Services Marketing

*Source: The Author*

In terms of domain, only three definitions in the literature are exclusively related to services marketing, in particular Bejou and Ennew's (1997), Antonacopoulou and Kandampully's (2000) and Johnston's (2004). Otherwise, the other two definitions by Peter and Waterman (1982) and Moullin (2002), define service excellence from a pure organisational theory perspective. Peter and Waterman's *In Search of Excellence* (1982) introduced the concept of excellence into the practice of organisations. The concept was afterwards subject to successive research. Although, Peter and Waterman's study was based on organisational theory perspective and had some criticism, it still provides significant guidance, with respect to what attributes excellent organisations have, as presented later in the organisational theory perspective. As the literature developed, newer meanings to the term service excellence were introduced. Antonacopoulou and Kandampully



(2000) developed a different meaning to the term of service excellence by relating alchemy to service excellence and employing a metaphor. Specifically, this was explained by the transformation to service excellence through a learning and value adding process which is similar to the transformation of lead to gold in alchemy.

Johnston's (2004) definition, although emphasising the importance of differentiation between service quality and service excellence, and initiating a new conceptualisation to service excellence by linking it to delight, seems like providing a general impression about the term. This is because his definition is not customised to a specific industry, such as that of banking. In addition, that it was developed by capturing a wide range of opinions from both public and private organisations. Hence, Johnston (2004) definition may be referred to as a *descriptive* definition, which provides a term with a meaning for general use only (Taylor 2002), rather than a *precising* definition (Gupta 2008) which provides a narrowed down context specific definition (Gupta 2008), or a *persuasive* (Walton 2005) definition that establishes an argument for some specific view.

Generally, two limitations are identified in the literature, reference to identifying service excellence. The first is that service excellence has gained little attention, with modest attempts to define it. Secondly, the literature uses service excellence and service quality interchangeably, implying a mixed picture of the two terms. An example would be Kim and Kleiner's (1996: 23) definition:

“Service quality (excellence) is the great differentiator that gets and keeps the customer's attention”.

Consequently, and to clarify the ambiguity present in the definitions of the main construct of this thesis, the first objective of this thesis is to customise the definition of service excellence to the banking industry. This will possibly develop by

establishing a definition for a specific purpose by including additional criteria that narrows down the set of things, which is referred to as a *precising* definition (Gupta 2008). But prior to that, an overview of service excellence in the retail banking sector remains essential.

### 3.4.1 Defining Service Excellence in Banking

The previous section explored the different attempts to define service quality and service excellence, based on the literature review. Two general observations were obtained. Firstly, a few definitions were dedicated to provide a diligent definition of service excellence. Secondly, none of the examined definitions have defined service excellence in the banking sector, or from a bank marketing perspective. Although, two decades ago, delivering superior service by maintaining high quality was considered a prerequisite for success (Parasuraman *et al.* 1988), there was a slight confusion in the terminology noted from different sources in the literature. As such, the literature has used the two terms interchangeably (for example, Kim and Kliener 1996), generically (for example, Johnston 2004) or irrelevantly to services marketing (for example, Moullin 2002).

Due to the specificity of this thesis, a customised definition for service excellence is generated, as follows:

“Service excellence is the ability of the bank to continuously exceed customer's evaluations by adding value to their expected offerings”

Simply put forward, the suggested definition is not inventing the wheel by providing a new meaning for a new concept. On the other side, it is characterised by precision, therefore, it should be classified as a *precising* definition (Gupta 2008). Whether based on the attempts to define service excellence in

, or referring back to *Table 3-2*, the definitions often describe excellence and even quality in general organisational settings, as exemplified by Zeithaml (1987) whom uses the term entity, Parasuraman *et al.* (1988) whom use the term organisation or Yoo and Park (2007) whom use the term firm. Despite generic descriptions of organisational settings in previous definitions, the suggested definition for this thesis specifies the service provider as the bank, in order to be an explicit to the banking sector, thus providing a precising element.

Further, the suggested definition for this thesis emphasises that the customer is the main foci, which is the case in most service quality or excellence definitions. However, by specifying the service provider, this definition implies the importance of interaction between the two parties of the service delivery process. This embeds the need to consider elements existent in both sides, such as customer service based on employees' interactions with customers and making services personal, meeting customer expectations by providing acceptable service rates and anticipation in an attempt to exceed expectations by providing innovative solutions. It is assumed that such encompassing of both meeting and exceeding customers' expectations, assures that the provided service is superior. Hence, suggesting that service excellence is beyond service quality rather than being equal to it, which might be achieved by simply meeting customers' expectations, depending on the situation of the service encounter.

Unlike definitions available in the literature, the suggested definition for this thesis is dynamic since it changes according to the situation of the service encounter. In addition, it takes into consideration the changes of customers' perceptions and tastes overtime; therefore, continuity is included in the suggested definition. This is supported in the work of Peters (1988: 4), whereby organisations are inspired by the quote:

"Excellent firms do not believe in excellence, only in constant improvement and constant change".

Based on the literature review, only few other authors emphasised the factor of continuity in defining excellence. For example, Howcraft (1991) includes consistency, as a form of continuity, in his definition of service quality. Hence, there is a disagreement with Athanassopoulos *et al.* (2001) whom claim that services cannot be placed in a time capsule and thus be tested and retested over time. Another difference of opinion with Athanassopoulos *et al.* (2001) is that the challenge for an organisation is not merely to reach the top by providing excellent service, but it is to seek staying there. This requires on-going efforts to attract customers and obtain their retention and loyalty, and to continually update the provided services to match the changing preferences and expectations of customers. The idea of defining excellence seems even more difficult under continuously changing conditions, which in turn leads to the proposition of an operational definition. An operational definition is one that people can do business with (Deming 1982), which is what the proposed definition aims at providing. The simplicity of Deming's description of an operational definition is where our proposed definition derives its simplicity from. However, the definition proposed is only tentative and could certainly be disposed in many different ways because, what if excellence was just a permanent open question? (Hiley 2000).

### **3.5 DOMAINS OF SERVICE EXCELLENCE**

When this research first commenced, there was a general expectation to find a large stream of literature that would be guiding the formulation of this thesis. However, very little was found defining service excellence from a services marketing perspective. Instead, a broad literature from other different perspectives was available, almost devoted to service quality, defined in terms of conformance to manufacturer's specifications (such as Deros *et al.* 2009). Moreover, the literature shows how the concept of organisational excellence is positioned relative to several theoretical traditions (Hermel and Ramis-Pujol 2003) and documents the evolutionary development of leading excellence frameworks (Park and Dahlgaard 2007), but from perspectives other than financial services marketing. Hence, this

section uncovers service excellence perspectives pertinent to evaluating and ensuring a better understanding of service excellence.

### **3.5.1 Organisational Theory Domain**

Many senior executives worldwide focus on innovating frameworks that can enhance quality of management practice and decision making. Another expected outcome is to maximise corporate superiority and business performance. This direction has prompted a small revolution in quality management research and practice (Azhashemi and Ho 1999).

The concept of organisational excellence guides much of today's corporate thinking and objectives (Boys *et al.* 2004). Business excellence has resulted from a shift in focus from solely the external customer to the internal organisational health and overall business performance. This has led to the creation of excellence criteria, including the European Foundation for Quality Management excellence model, the Malcolm Baldrige National Quality Award (MBNQA 2002) and the Canadian Framework for Business Excellence (CFBE 2002). Such models consist of guidelines for improving both the enablers of performance and related financial and non-financial results.

In general, many integrated management approaches were developed to examine and evaluate the quality of the multiple management factors affecting a company. Such approaches are introduced when a company is concerned about each facet of the organisation, and are merged into a comprehensive corporate management policy of innovation and excellence (Azhashemi and Ho 1999). The basic model or framework for evaluating organisational service excellence was originally developed by Peters and Waterman (1982) and referred to as McKinsey's 7-S framework. The model comprised of success criteria for excellence. This model is based on hardware related items, reflecting structure and strategy. In addition to, software related items, reflected by systems; shared values, skills, staff and style.

The eight identified attributes of excellent organisations based on the McKinsey's framework are:

- A bias for action
- Being close to the customer
- Autonomy and entrepreneurship
- Productivity through people
- Hands-on/ value driven
- Sticking to the knitting
- Simple organisational structures
- Simultaneous loose-tight properties

The above attributes reflect internal organisational dimensions, which signal the importance of the relationship between organisations, employees and customers. Also, organisational performance issues such as customer satisfaction and simple organisational structures are highlighted in the framework. In addition, the framework shares some attributes with the services marketing domain. For instance, being close to customers, proved to be an essential element for excellence, whether from the point of view of organisational theory or services marketing (for example, Jones 2004).

Much of the current debate on managing quality, particularly under the wider notion of Total Quality Management, is dominated by the emphasis on setting clear standards. This is to be met by defining hard measures or scales of achievement for establishing the current level of capability and the areas in need for continuous improvements (Jung and Wang 2006). However, Peters and Waterman (1982) also emphasise that soft is hard meaning that soft criteria of the model is basic and essential. The issue is that soft criteria should not be overlooked when embarking on the journey to excellence.

Generally, excellence models and frameworks are inspired by the Japanese practices that recognise the importance of the soft dimensions of organisational realities (Park-Dahlgaard and Dahlgaard 2007). In addition, the resultant initiatives of

managing quality and the very few success stories, conclude that people are key to both creating and sustaining quality. Schneider *et al.* (1994) expresses the view that it is the people who make places. Additionally, many researchers and practitioners have identified the crucial role of the *people* factor in organisations (Mukherjee and Malhorta 2006) particularly, in relation to the customer's perception of enhanced service value. Such perceptions are increasingly recognised as central to an organisation's continued success (Evardsson 2005). However, there are tendencies to interpret these models from reductionist and positivistic view and ignore the human aspect and the soft dimension when organisations try to implement models, and during their struggle to achieve excellence. Therefore, the evolution of new models should reduce these negative tendencies (Park- Dahlgaard and Dahlgaard 2007).

Overall, there is a list of crucial factors that determine the survival for most organisations, such as quality, flexibility, efficiency, dependability, effectiveness and a host of other virtues that can be grouped under the banner of service excellence (Azhashemi and Ho 1999). Successful organisations must have dynamic management practices which means, using a comprehensive portfolio of measures and internal systems to effect improvements in the efficiency and effectiveness of the organisation as a whole (Azhashemi and Ho 1999).

### **3.5.2 Information Technology Domain**

According to this perspective, information technology plays an important role in achieving service excellence. It can be used to help an organisation provide the level of service customers demand (Bitner 2001), by achieving outrageous levels of customer satisfaction (Jackson and Humble 1994; Kandampully and Duddy 1999) and delight (Bitner *et al.* 2000).

Further, putting technology and design first, enables organisations with excellent services to gain significant improvements in service quality levels (Kingman-Brundage 1991). As such, it can assist in the delivery of excellent customer service by ensuring a fast, accurate and reliable service, supporting product and service range developments and providing information for decision making and advice (Lloyd-Walker and Cheung 1998). In addition, integrating technology into a product or service enables quicker access to better information, particularly, when accessing customer records through electronic channels, which was proven significantly to online customers (Zeithaml 2002).

In order to ensure that the desired benefits are achieved, Small and Yasin (1997) recommend that technology is implemented in association with an appropriate Quality Management System (QMS). This is defined as a system which ensures that all activities, including the needs and expectations of the customers, the community, and the goals of an organisation, are satisfied in the most efficient and cost-effective way by maximising the potential of all employees to improve their jobs (Howcroft and Mite 2000). Competitive advantage is enhanced if there is synergy between management strategies and employees' understanding of those strategies. With respect to structural and infrastructure decisions, it should be taken into consideration, that there must be strategic consistency (Smith and Reece 1999). The result of implementing technology and a QMS, is often improved service quality, based on the perceptions' of customers (Sivabrovnvatana *et al.* 2005).

Within this context, service quality is often confused with quality of service (QOS) as explained by Kesh *et al.* (2002). While QOS is related to service quality from one aspect, it goes far beyond that. Aside from guaranteeing a certain level of service quality in computer and IT applications, it allows computer network managers to prioritise computer traffic and provides a certain level of service quality to that certain class of traffic depending on the kind of application such as email, audio or video applications and real-time multimedia applications.



Technology based services have made new service delivery options available to organisations, making customers' participation more widely possible (Dabholkar 1994). Jackson and Humble (1994) created a plan of seven steps to harnesses information technology, and for the purpose of improving two key factors rapidly; service as perceived by customers and cost effectiveness. The suggested plan briefly consists of getting people involved, defining the purpose, understanding customers and their needs, studying the competition, defining the key capabilities needed, reviewing with customers and developing implementable action programmes. Although the plan, proposed by Jackson and Humble (1994), is looked at from an information technology perspective, it still emphasises the role of people. As such, people are put first, ensuring that the involvement of people is prioritised in a technology lead service delivery.

One concern within this perspective lies in the negative outcomes of technology. Since technology may not be embraced by all customers, particularly complex technologies that do not enhance the exchange process between customers and service providers, and can isolate service providers if they do not influence service quality. Empirical research examined how technology can be thoughtfully managed and effectively implemented. One worthy of note research, is Bitner *et al.*'s (2000), which examined the ability of technology to effectively customise service offerings, recover from service failure and spontaneously delight customers. Parallel with Bitner *et al.* (2000) is the conclusion of Bitner (2001), which provides encouragement to organisations to successfully compete through technology delivered service, and ensuring that in the long term they will provide the level of excellent service that customers demand.

Regardless of which technological aspect is emphasised, using technology to deliver excellent services raises a constant challenge within this paradigm. This is because, the increasing deployment of technology is altering the essence of service encounters formerly anchored in a low-tech, high-touch paradigm (Bitner *et al.* 2000). In the services sector, technology is used to standardise services by reducing

the employee-customer interface (Quinn 1996). For example, banks have widely distributed ATMs, telephone-based services and internet banking to withdraw cash, transfer funds or make deposits into accounts, which has replaced the human resource. Despite that debate in the literature, and irrespective of where the technology leads, quality comes from people (Peters and Austin 1994: 98).

### **3.5.3 Services Marketing Domain**

A general observation is that the majority of the research in the literature addressing excellence was looked at from an organisational theory perspective. In the contrary, services marketing domain, the focus of this thesis, had the least contributions with respect to defining service excellence, modelling it and empirically investigating its relationship with other performance related variables. With regards to service quality, this domain is not treated independently nor is it formally defined in the literature. It can be looked at as an evolution of the aforementioned discussed domains, on the basis of several interrelated factors and common themes. This thesis attempted to differentiate and compare between this domain and that of organisation theory, being the mostly developed in terms of providing measurement models.

In terms of what the concept means, services marketing paradigm was compared to the organisational theory, due to being more established in the literature. Accordingly, it can be said that while organisational theory paradigm attempts to develop models that address organisational variables such as leadership, cultures, values and organisation structure, the service marketing paradigm builds evaluation models with elements that focus on marketing such as delight, service personalisation, retention and service recovery.

Fortifying the interrelationship between the different domains, is that service excellence is suggested to be a reflection of intrinsic organisational elements,

namely; cultures, structures and systems (Bejou and Ennew 1997), which might additionally reflect extrinsic customer satisfaction (Mitchell 1993) and retention (Bejou and Ennew 1997). Those elements are also predicted to have a positive impact on financial performance (Reichheld and Sasser 1993; Bejou and Ennew 1997). Interestingly, elements such as the provision of personalised services by excellent employees, and innovative services supported by technology were adopted by many authors as key characteristics of excellent services (for example, Bitner 2001; Johnston 2004). Such inclusion of proves the dependence of all the given domains on each other.

In most cases, the previous relationships within the different domains are not for granted, and require further evaluation on a long-term basis in terms of comparing different approaches to measurement and refining the concept of excellence (Bejou and Ennew 1997). Uncovering part of this relationship is one of the major objectives of this thesis.

### 3.6 CONCLUSION

This chapter attempted to review the literature related to SE conceptualisations. One of the aims of the thorough review was to understand the gaps in the literature by differentiating service excellence from service quality, defining the concept, and rationalising that service excellence is an integral part of service delivery. In terms of the meaning of services quality, there is a lack of consensus as to what the concept should entail, which has given rise to a large array of interpretations. Further, the literature often mixes the definition of service quality with that of service excellence, evident in occasionally using the two concepts interchangeably in the literature. On the other side, based on reviewing SE definitions, the major components of the definition emphasised superiority, creating value and transformation. Another component in common, is that most definitions focus on the customers' perceptions as a major element for defining service quality.

Further, the chapter discussed the different conceptualisations of service quality, and posited that although service quality forms a solid background, essential for understanding service excellence, it has matured in an environment of rapid market, economic and competitive forces. It was concluded that there should be a clear differentiation between traditional definitions of service quality, and the emerging concept of service excellence, which is a more dynamic concept, and indicates service leadership and organisational success.

In addition, the chapter proposed a definition of service excellence, based on acknowledging the importance of the concept from different theoretical perspectives while attempting to fill the gap in the literature, by specifically customising the term. Investigating the philosophical bases of what a relevant definition should entail, were the basis for generating the definition for this thesis. The definition is thought of as an operational one, since it indicates continuity of services to assure reflecting the differing expectations of customer's based on the

ongoing competitive changes. In addition, service excellence is suggested to be met with either exceeding expectations or meeting customer's expectations by the provision of outstanding services. It is in both ways implying a value adding process which places SE on the high end of the service quality momentum.

Different disciplinary domains of service excellence, were investigated, namely, organisational theory, information technology and services marketing. It was realised that although excellence is viewed from different conceptualisations, and focus on different priorities, it is critical in all domains of business and theory, including those that have not been traditionally defined as services industries. In addition, there are obvious interrelations between the three major discussed domains, specifically the emphasis on the customers. The importance of determining who the customers are is critical for evaluating how to best meet their needs, this creates a debate which is mostly obvious within the information technology domain. Further, all domains addressed the need of a shift from traditional focus on quality to a higher level whether addressed in terms of exceeding expectations, adding value or superiority, which all describe excellence.

## **4 SERVICE EXCELLENCE: A CONCEPTUAL MODEL**

### **4.1 INTRODUCTION**

The concern for service excellence in business and the lack of empirical research on the cues that signal service excellence in the literature are the bases which motivated this thesis. Although service quality has been the focus of considerable attention in research, the literature rarely acknowledges the need to identify the antecedents of service excellence in specific service contexts. In addition, in spite that a few authors started to rethink the concept, there has not been a directed effort to build a conceptual model with identified determinants to SE within the services marketing domain. To that end, the present chapter, aims to explain the rationalisation behind the proposed antecedents of service excellence and builds a conceptual model as per the literature review, which revealed conceptualisations as supplements to the development of the measurement model for this thesis.

The chapter begins with an integration of a broad review of relevant literature to synthesise possible dimensions concerning service excellence. Then the chapter illustrates the predicted conceptual model for this thesis. The final section in this chapter drafts the preliminary hypothesis statements for this thesis.

### **4.2 ANTECEDENTS OF SERVICE EXCELLENCE**

Often in building a literature stream, constructs are first defined in terms of components or characteristics. As the literature develops, some of these components are viewed as antecedents to offer greater understanding of the phenomenon under study (Dabholkar *et al.* 2000). Similarly, viewing related characteristics as possible antecedents to service excellence, such as Johnston's (2004), is a natural step in the progression of the service excellence construct.

Accordingly, it should increase our understanding of service excellence evaluations, and the role of antecedents in forming the concept. However, Johnston's (2004) work is limited to being only an acid test to identifying excellent service versus poor service. Moreover, it does not build a model with identified antecedents.

Since one of the objectives of this thesis is to try bridge this gap in the literature, it builds up antecedents which are finally framed into a conceptual model. Although previous research pertaining to service excellence provided valuable insight, it has produced conflicting conclusions (Devlin and Ennew 2005). As they emerged from relevant research, the most significant service excellence determinants are depicted in *Table 4-1*. Taken as a whole, the determinants focused on *reputation, excellent employees, rates, innovation and technology*. Yet, the relative importance of these antecedents is under question. This was explored, in Chapter 9, during the findings analysis of this thesis. This section explains the justification for the inclusion of those antecedents from a pure theoretical perspective.

**Table 4-1: Determinants of Service Excellence**

<b>Serial No.</b>	<b>Source</b>	<b>Domain</b>	<b>Context</b>	<b>Determinants/ Characteristics</b>
<b>1.</b>	Kim and Kleiner (1996)	Organisational Theory	Banks	1. The banking culture 2. Leadership of Management 3. Process excellence with technological improvement 4. Employee Development
<b>2.</b>	Antonacopoulou and Kandampully (2000: 18)	Organisational Theory	Organisations	1.Employee training 2. Direction in learning and development 3.Learning methods 4.Learning methods and techniques 5.Reward systems 6.Coordination with human resources function 7.Employee involvement in recruitment 8.Employee incentive scheme
<b>3.</b>	Prabhu and Robson (2000)	Organisational Theory	Services Organisations	1.Senior management commitment and leadership 2. Employee related practices 3.Operational performance (including innovation)
<b>4.</b>	Bates <i>et al.</i> (2003)	Services Marketing	Services Organisations	1.Size 2. Productivity
<b>5.</b>	Wirtz and Johnston (2003)	Services Marketing	Singapore Airlines	1.Rigorous service design and development 2.Total innovation 3.Profit and cost consciousness 4. Holistic staff development 5.Strategic synergies and diversification



# CHAPTER FOUR- SERVICE EXCELLENCE: A CONCEPTUAL MODEL

Serial No.	Source	Domain	Context	Determinants/ Characteristics
6.	Jones (2004)	Services Marketing	Gulf Bank	1.Excellent Staff 2.Efficient Operations 3.Convenience 4.Competitive Costs 5.Image
7.	Johnston (2004)	Services Marketing	Organisations	1.Delivering the promise 2.Providing a personal touch 3.Going the extra mile 4.Dealing well with problems and queries
8.	Al-Marri <i>et al.</i> (2007)	Organisational Theory	Banks	1.Top management support 2.Strategy 3.Continuous improvement 4.Benchmarking 5. Customer focus 6. Quality department 7. Quality system, 8. Human resource management 9.Recognition and reward, 10.Problem analysis 11.Quality service technologies 12.Service design 13. Employees 14. Services capes 15. Service culture 16. Social responsibility.
9.	Khan and Matlay (2009)	Organisational Theory	Higher Education	1.Workforce 2. Competitive Strategy 3. Institutional Culture (including innovation)

Source: The Author

The literature was extensively reviewed in search of similar studies which possibly investigated Service Excellence and built a model to assess it, preferably, but not exclusively within the context of retail banking. This meta- analysis resulted in sorting relevant literature, *Table 4-1*. Then, the studies were classified by Domain

and Context and a pool of various determinants was generated. All similar determinants were grouped together, which resulted in six major groups. At that point, the constructs had to be renamed based on the most occurring construct titles in the literature, but with some amendments. For example, while some determinants in the literature were named competitive costs or profits, it was thought more appropriate to suggest the wording *rates* to reflect customers rather than the providers' standpoint.

A major guideline was Johnston (2004) being one of few authors that totally differentiated between service excellence and service quality, and whom based upon an exploratory and empirical research, resulted in characteristics of service excellence. The characteristics, *Figure 4-1*, are briefly stated as: delivering the promise, making services personal, going the extra mile and dealing well with questions and queries.

**Figure 4-1: Characteristics of Excellent Services**

This item has been removed due to third party copyright. The unabridged version of the thesis can be viewed at the Lanchester Library, Coventry University.

*Source: Johnston (2004: 132)*

The resultant model at the end of this section provides an understanding of service excellence. While attempting to do so, the model borrowed some background from service quality conceptualisations, due to the explained lack in the literature. The model posits that service excellence is preliminarily comprised of five antecedents.

Based on the preceding discussion, and rationalisation of developing the conceptual model, it is logical to begin with formulating the research hypotheses.

The development of hypotheses at this early stage of the thesis is helpful in explaining the predicted causal relationships between different variables, in Figure 4-2. This section presents each of the developed hypotheses.

The main hypothesis posited that there is a relationship between service excellence and four major antecedents, stated as:

*Each of the suggested service excellence antecedents, will impact service excellence.*

As a preliminary exercise prior to scale development, five hypotheses with their sub-hypotheses were stated. The hypotheses were based on the theoretical relations of the five predicted antecedents to SE, namely: *rates*, *technology*, *reputation*, *innovation*, and *excellent employees*, respectively.

### **4.2.1 Rates**

*H<sub>1</sub>: The antecedent rates within the conceptual model is positively related to service excellence*

It is claimed that banks can only distinguish themselves on the basis of rates and quality (Cohen *et al.* 2007). This is because banks provide a wide variety of services and products which are almost identical and easy to duplicate, which creates competition between financial services providers. Also, it is due to the finding that the majority of new customers are not attracted by the bank's brand but purely by its low prices (Miles 2004; Mintel 2002). In fact, many customers are prepared to change or switch their services provider often, for the purpose of achieving more favourable prices (Keaveney 1995; Colgate and Hedge 2001; Farquhar and Panther 2008), such as fee charges and interest rates.

Indeed, negative pricing perceptions, such as unfair fee charges, normally contribute to consumers' decisions to switch banks (Keaveney 1995; Colgate and

Hedge 2001). Moreover, introducing service fees suddenly will create customer dissatisfaction, especially for those services that have been previously perceived as free of charge (Frei 2008). This is why, careful analysis for service rates is stressed (Frei 2008), in order to maintain customer expectations and good customer experience. Also, this implies that banks should initiate price dominated strategies to invite a new customer base.

In spite of some service providers justifying their high prices by either high production costs related to providing excellent services, or by high demand for excellent services (Chen *et al.* 1994), this positive price-quality relationship has been proven weak for many specific products (Rao 2005). Furthermore, and the realisation of customers' price perceptions is significantly influenced by satisfaction with pricing and services, and a positive and significant relationship exists between customers' price perceptions and their purchase intentions (Munnukka 2008). In fact, strong relationships with customers and for the long term, frequently indicate offering service cost reductions, because organisations become better informed about the needs of its clients, enabling organisations to provide better services at a lower cost and increased profitability (Chen *et al.* 1994; Sharma *et al.* 1999; Reinartz and Kumar 2000; Sin *et al.* 2002; Rust *et al.* 2004; Reinartz *et al.* 2005), and vice versa where different segments of consumer-perceived knowledge and confidence can to an extent influence the potential profitability (Harriosn 1994).

Several research attempts were set to clarify the relationship between rates and customers perceptions. For example, Elliot *et al.* (1996) analysed the behaviour of retail customers' behaviour in the USA. Their findings explain that the majority of customers define higher value by lower prices and higher transaction speeds, or what can be referred to as efficiency, rather than on purely personalised services. In the same year, Hallowell (1996) created a price index to measure satisfaction of customers towards their banks, based on calculating average responses of the administered survey. In their index, prices were defined by three items: charging reasonable service fees, paying competitive interest rates on deposits and charging

competitive interest rates on loans. Adding to that, Kennington *et al.* (1996) found out that price, besides reputation and service, is one of the factors that customers in Poland banks prioritise. According to their findings, customers select their banks based on competitiveness of rates. This is consistent with Abratt and Russell's (1999) findings that rates are one of the key factors influencing customers' selection of a bank.

As a matter of fact, and from a customer's perspective, price is the most important motivation for engaging in online purchases and is the most critical comparison element (Surjadaja *et al.* 2003). It can exert a non-conscious influence on quality expectations, which impact actual performance (Rao 2005; Shiv *et al.* 2005). Also, price is considered as one of the most important determinants of automated services (Iqbal *et al.* 2003). This was evident in the findings of many scholars. More specifically, Al Hawari and Ward (2006) analysed the effect of automated service quality on financial performance and the mediating role of customer satisfaction in Australian banks.

The majority of researchers, who incorporated rates in their scales, reflected this construct with similar items. For example, Nguyen and LeBlanc (1998) investigated the mediating role of corporate image on customers' retention decisions in financial services, specifically credit unions. During their research, value was explained by offering competitive rates on loans and deposits, in addition to whether management has the customer's best interests at heart. In addition, Al Hawari and Ward (2006) incorporated price as a factor influencing the overall customer perceptions of automated service quality. They proposed that price means adequately explaining service charges, acceptable fees, and competitive fees and clearly showing the service charges on statements. Also, Bahia and Nantel (2000) incorporated price as a dimension in their scale named Banking Service Quality (BSQ) which measured the perceived quality of banks. According to their research, price referred to the following items: good explanations of service fees, balance amount

from which service charges begin and reasonable fees for the administration of the accounts.

More related to service excellence, Jones (2004) survey conducted by the Institute of Banking Studies (IBS) in Kuwait found that one of the factors related to achieving service excellence is by offering acceptable costs. This is on the condition that offering acceptable costs should be aligned with key requirements of service excellence, in particular customer satisfaction and retention. The IBS survey findings' defined competitive costs as lowest charges for loans or overdrafts, lowest service charges, fees, and commissions and highest interest on deposits. Further, Johnston (2004) attempted to explain service excellence, and indicted in his research that customers appreciate organisations that offer low prices at acceptable service levels. In fact in his survey, some organisations made to the top excellent service providers list, given their low prices. Despite this acknowledged evident connection between service excellence and prices, it is questionable, why price was not included in Johnston (2004) list of service excellence determinants.

Within this thesis, *Rates* is used to describe customers' judgment about prices of banking service quality and value in comparison to competitors' prices. Customers form their perceptions based on information about whether they are charged more than or similar to what competitors charge (Chen *et al.* 1994) which partially explains what makes pricing particularly complicated and regarded as an integral component in forming service excellence perceptions (Chen *et al.* 1994; Jones 2004; Johnston 2004). Consequently, given the relationship between SE and rates (Chen *et al.* 1994; Johnston 2004; Jones 2004) *Rates* has been added as another antecedent in the conceptual model of this thesis.

### 4.2.2 Technology

*H<sub>2</sub>: The antecedent technology is positively related to service excellence*

The introduction of new technologies to improve service delivery has made customers' participation more widely possible (Dabholkar 1994). Because, customer acknowledgment of automated service delivery channels in banks may enhance maintaining and building close relationships with customers Mols (2000). Indeed, information technology has been continuously assisting organisations to achieve and deliver service excellence (Jackson and Humble 1994). Therefore, there is a need to adopt new ways to conceptualise service excellence, taking into consideration the attributes of all electronic delivery channels (Dabholkar 1996; Meuter *et al.* 2000; Szymanski and Hise 2000). However, customer acceptance is considered to be a focal theme for the application of new technologies in retail services because customers in the retail banking sector normally use technology in a complementary way (Dabholkar 1996). Accordingly, building strong relationship with customers may be achieved by using a combination of different automated service delivery channels (Lang and Colgate 2003; Patrício *et al.* 2003; Ramsay and Smith 1999), with respect to the quality of the provided automated delivery channel which shapes customers' overall perception of service quality (Dabholkar 1996).

Technology can be referred to by a wide range of products including wireless devices, touch screen and smart cards. For retail banking, ATMs, internet and telephone banking are identified as the principal automated delivery channels (Radecki *et al.* 1997; Joseph *et al.* 1999; Joseph and Stone 2003). It can also be defined as the quality of ATMs and the proper functioning of computerised systems (Karatepe *et al.* 2005). While many scholars considered technology as a determinant for building service quality scales (for example, Karatape *et al.* 2005; Al Hawari and Ward 2006; Islam and Ali 2011), only a few have considered technology as a dimension of service excellence (such as, Lloyd-Walker and Cheung 1998; Wiertz *et al.* 2004).

Within the banking context, Lloyd-Walker and Cheung's (1998) developed a scale which aimed to identify the factors most significantly influence IT planning and purchasing in Australian banks. In specific, their measurement model attempted to establish whether a link existed between the extent to which IT planning and purchases were influenced by the need to improve customer service quality and bank performance, which is where technology forms service excellence, rather than the opposite. Their findings confirmed that banks are required to plan their technology efforts and investments, carefully, because proper investments in customer oriented technologies provide a return on investment. Karatepe *et al.* (2005) constructed a scale as well, to measure service quality, based on customer perceptions of retail banking customers in Northern Cyprus. Their scale consisted of four dimensions including technology which was defined as ATMs quality and proper computerised systems functioning. In addition, Al Hawari and Ward (2006) studied the effect of automated service quality on Australian banks and Automated Service Quality. They categorised technology into four major channels, ATMs, telephone banking, internet banking and core products. Accordingly, they found out that customer satisfaction is a mediator in the relationship between automated service quality and delivery of financial performance, hence, implying that there is a potential to achieve increased levels of customer satisfaction and financial performance through technology. Further, Islam and Ali (2011) researched service quality in the banking sector in Bangladesh, and the inter-correlations between service quality, satisfaction and technology. They explain that new service offerings supplemented by technology are traits of modern banking, and stressed that banks must do considerable investments in technology and infrastructure to meet and retain customers' expectations. Jackson and Humble (1994) did not actually create a scale; nonetheless, they proposed an action plan to achieve service excellence through Information Technology.

Kim and Kleiner (1996) reported that process excellence with technological support was one of the important elements that highly performing banks in the United States have in common. According to them, this is accomplished when the



primary emphasis on the process is how the work is done in order to satisfy customers' needs or the target market. Therefore, it reflects customer's point of view rather than the organisation point of view. This leads to differentiating banks and reflects excellence in services Kim and Kleiner (1996).

Wiertz *et al.* (2004) state that the bases of existence for every customer interaction centre is providing excellent services, where the developed positive perceptions of quality will lead to satisfaction towards services. The authors acknowledge the importance of technological advances in providing better services. However, their study was limited to the specific context of manufacturing channel intermediary relationships, which is particularly not applicable to the financial services in general, nor to the retail banking in specific. Also, the authors considered overall service excellence as an antecedent, being comprised of service, partnership and image quality, rather than being a main research construct.

Financial services organisations are depending on IT to build competitive and strategic advantage, which may actually yield financial results on the long term (Fairchild 2003) by increasing profitability either through enhancing revenues or lowering costs (Furst *et al.* 2000). More specifically, banks which are heavily depending on improved technology are gaining better service excellence perceptions (Al Hawari and Ward 2006; Islam and Ali 2011). As a result, technology is regarded as a major facilitator for providing innovative retail services (Burke 2002). In addition, many banks aim to boost marketing additional services to customers by investigating outcome of technological enhancements in branches and call centers (Furst *et al.* 1998). Another reason is the importance of technology to support excellent service (Roth and van der Velde 1991; Sisodia 1992). Given the demonstrated literature, the importance of technology for service quality, in general, and service excellence, in specific is ascertained. Consistent with the findings in the literature, technology was incorporated as the fifth antecedent in the conceptual model of this thesis. Based on the evident relationship in the literature (for example, Al Hawari and Ward 2006;

Islam and Ali 2011), the antecedent technology is predicted to have a significant relation to SE.”

### 4.2.3 Innovation

*H<sub>3</sub>: The antecedent innovation is positively related to service excellence*

Another possible antecedent of excellent service is simply extending the level of service that is beyond the normal expectation of customers, or the ability to regularly surprise customers in order to remain a service leader in the industry. This constant emphasis of surprising customers by exceeding their expectations is a common theme in much of the service literature. For example, Berry (1995), calls it the service surprise, while Wirtz and Johnston (2003) refer to it by the wow effect. Alternatively, Johnston (2004) calls it going on the extra mile. In this work, we prefer to refer to that constant exceeding of expectation, with *innovation*, because innovation is a broader concept that has been well established in the literature, it also refers to internally anticipating customer needs, while externally anticipating organisational and environmental change.

The majority of institutions consider that introducing new products and services, such as personal banking, as a vital step for retaining highly valued customers, and for positioning themselves strategically for the future (Furst *et al.* 1998). Freid and Freid (1995) explain that providing service excellence is not a set of standards to be met by demonstrating expected behaviours, because service excellence can be reframed as that which essentially captures the transformation and value-adding process that is enacted when learning forms a central aspect of the service delivery. Such learning of new values is the ultimate key to building and maintaining long term customer relationships. Through innovation, service excellence becomes a process of transformation which extends greater value to the service by discovering new uses and new possibilities of generating delight and enjoyment in consumption (Freid and Freid 1995). Apparently, organisations are left

with very little options, but to innovate constantly beyond incremental improvements. This is often interrupted by external factors such as the technological changes, which are rapid and commonly discontinuous, leading to relatively short product life spans (Achrol 1991).

Jiang (2000) offers a way that could be looked into in order to derive customers' perceived value, by providing tailored products and the tailoring process. Jiang (2000) defines tailored products by the anticipated fulfilment of desires or preferences that are expected to result from tailoring product attributes or benefits. The other component is the tailoring process, which includes services that add uniqueness to the financial products and customer experience. Due to the information intensive nature of the financial services industry, the primary component in the tailoring process is information personalisation, which includes financial consultation and financial content delivery, which may include financial advice or personalised transaction services. Financial consultation is the financial advice given by financial advisor based on client's situations and preferences. Yet, services are largely intangible, therefore, it is difficult for the provider to explain and difficult for the customer to assess before buying. This places special demands on the marketing of a service to avoid the formation of inaccurate and unrealistic expectations, taking into consideration that one aspect of service honesty/ integrity is to give only promises which the service provider is capable of fulfilling (Scheuing and Evardsson 1994).

In the services marketing sense, delivering excellent services is possible by offering services which are distinctive compared to the competition. Such superior service will trigger customer loyalty and retention, which in turn can provide the basis for sustained competitive advantage and improved business performance (Bejou and Ennew 1997). This is particularly vital for the banking industry, because for the most part, banks offer relatively the same services. Hence, offering excellent services by meeting client needs and providing innovative products are essential to succeed in the banking industry (Camarero 2007). This also explains why the banking

industry is shifting its focus from one solely accustomed to servicing clients, to one committed to assisting clients with all of their financial needs (Brown and Kleiner 1997). Such personal attention, by viewing the world through customers' eyes, helps maintain customer satisfaction (Brown and Kleiner 1997; Cohen 2007). This would suggest investigating why customers would welcome innovative solutions including personalisation initiatives.

Bodie and Merton (2000) suggest that although banks and financial organisations are service oriented, they still have products such as, investment instruments including stocks, bonds, bank deposits, and lending instruments such as loans and credit cards. This nature offers space for either personalisation or innovation to fit individual's financial needs and preferences. In addition, Athanassopoulos *et al.* (2001) empirically studied the behavioural responses to customer satisfaction in banks. They considered that product innovation simply reflects four items, namely, offering a wide product variety, offering flexible products that meet customer needs, new products offerings meeting customer needs and offering telephone services. Moreover, Adamson *et al.* (2003) emphasise the importance of banking excellence, meeting customer needs and offering innovative products. Nevertheless, they remind of the importance of balancing the high costs associated with service excellence initiatives and sustaining acceptable profits.

Pritchett (2007) suggests that organisations by large, should not only innovate, but also anticipate and create substantially different standards for their services, in order to capture advantage of being a trend creators that excel and win, as opposed to being a trend trackers. In other words, products and services should be provided before the customer has to ask for them, since, customers do not always dictate their wants and needs to the industry. Through anticipation, standards of achievement are not fixed, behaviours are not superficial acts of compliance to rules, and service provision is no longer a mechanistic buying and

selling interaction. Otherwise, if customers have to request for services, organisations would not excel to superiority.

Such thinking for the customer and anticipation of their future needs has become one of the leading concepts in business excellence (Kandampully and Duddy 1999). In business, anticipation by providing innovative solutions is a process of customer orientation into the future. Effective anticipation requires that service providers consistently remain one step ahead of the customer's needs (Martin 2001), as the focus has shifted from reacting to customers' needs to aggressively asking for their business and anticipating their needs. Accordingly, the first law of modern business is based on imagining needs and creating them, rather than finding needs and filling them (Pilzer 1990).

Peters (1988) stresses the concept of increasing added value, by referring to it as innovative product and service development. According to him, organisations need two main competencies: excellence and flexibility, and these competencies should be developed with highly qualified employees. As a matter of fact, Peters and Austin (1985) reach the conclusion that there are two ways to establish and sustain excellent performance over the long run: firstly, by providing customers with personalised attention through excellent services and secondly, by continuous improvement efforts to develop the service level.

To conclude, service excellence can be attributed to the ability to think beyond the present and to think for the customer, by providing innovative services, or products. One of the inevitable traits that managers of leading organisations possess is the ability to forecast, far in advance of the reality, the progressive nature of customer needs. As such, service excellence is achievable through strategies that embrace and interpret customers' concerns and dreams for the future (Pritchett 2007). Thus, banks are required to think both as a customer and on behalf of the customer, by developing the products and services that customers want before they

become a reality, and by emphasising managing customer relationships, as a critical strategy that should be operationalised when organisations take the initiative to become proactive to customers' needs (Pritchett 2007). In turn, this will create favourable perceptions about service excellence and put psychological pressure on customers to react in a positive fashion.

The antecedent innovation is predicted to have a positive impact on SE. This is based on the literature background that has been examined in this chapter (for example, Freid and Freid 1995; Pritchett 2007). Due to its theoretical and practical importance and further to its established linkage with service excellence, *innovation* has been added as another antecedent to the conceptual model of this thesis.

#### **4.2.4 Reputation**

*H<sub>4</sub>: The antecedent reputation is positively related to service excellence*

A factor that has been mentioned repeatedly in the literature and in relations to SE, is reputation (for example; Wirtz *et al.* 2000 and Jones 2004).". Reputation is described as the perceptions reflected in associations customers have in their memory (Zeithaml and Bitner 1996), based on the regularity of an organisation's actions over time (Herbig *et al.* 1994). Fombrun (1996) defines reputation as realising value through corporate image. In banks, reputation as a construct embeds many items including, image, popularity, keeping promises, goodwill, and reputation for transaction with beneficiaries (Flavián *et al.* 2004; Islam and Ali 2011). Banks with good reputation are perceived by customers that they probably provide more advanced services (Islam and Ali 2011). This facilitates a more robust relationship with the bank, which fosters loyalty, with respect to an excellent reputation. Further, this clarifies that a connection is evident, and inverts the previously held findings that customers think it is pointless to switch banks, and that all banks are the same (Abbey National Survey 1998).

Reputation was first recognised an essential factor in services quality in the early 80's. Initiated by authors including Lehtinen and Lehtinen (1982) and Grönroos (1984), corporate quality was presented with service reputation or image, which has been perceived as an essential quality factor for customers. Image quality has been treated as an important factor, because organisational images act as filters which impact customers' perceptions (Zeithaml and Bitner 1996). This has found particular scholarly interest within the banking sector.

Khazeh and Decker (1992) identified which variables customers in the USA depend on to select their banks, with respect to the degree of variation between banks. They concluded that, reputation, competitiveness of loan rates, service-charge policy time required for loan approval and friendliness of tellers, were significant factors, which explained how customers select their banks. For the same purpose, Boyd *et al.* (1994) studied the criteria customers refer to when they select their banks. The researchers managed to identify five most important factors which explain how customers choose banks: reputation, interest on savings accounts, interest charged on loans, quick service and location in the city. The findings were linked with customers' demographic characteristics, including occupation and income.

Kennington *et al.* (1996) found out the reputation is one of the factors that customers in Poland Banks prioritise. According to their findings customers are highly influenced by reputation, price and service when they draw perceptions about banks. A year later, LeBlanc and Nguyen (1997) developed an exploratory study of customer impressions of service excellence in business education. According to their study, the items reflected by reputation consisted of innovativeness, organisational culture, beliefs and values, being up to date and having customers' best interest at heart.

As far as services quality is concerned, Wang *et al.* (2003) presented the antecedents of service quality and product quality, and how this reflects on bank reputation in China's banking industry. Depending on structural equations modelling, the authors found out that both service quality and product quality had a positive impact on bank reputation. Moreover, Flavián *et al.* (2004) identified several factors including reputation for measuring service quality. More specifically, Flavián *et al.* (2004) evaluated corporate image within the internet banking domain to support banks' management decisions. In the same year, Devlin and Gerrard (2004) recognised factors that customers are influenced by when they choose their preferred banks. Their research was based on a sample of 7,033 bank customers and resulted in factors that customers have significant perceptions about, mainly that reputation and image of banks play important roles in forming customers' perceptions. Further, Wirtz *et al.* (2000) assessed the relationship between a service guarantee and its impact on consumer perceptions of service quality, risk and purchase intent. The findings suggested that having a reputation for service quality could possibly be moderator to service guarantees. This occurs when customers potentially link service excellence with implicit guarantees (Wirtz *et al.* 2000). Such inter-linkage could be taken advantage of when providing excellent services (Wirtz *et al.* 2000).

Most recently, Islam and Ali (2011) used the SERVQUAL to measure corporate image in banks developing countries, particularly, Bangladesh. Within the context of Internet banking, Islam and Ali (2011) found a strong impact of service quality dimensions on satisfaction. In addition, they found that both reputation and customer satisfaction towards banks bring about increased loyalty. Their findings give insights of new methods that should be included when designing banking services.

As for the relationship between reputation and service excellence, this was put forward by a limited number of authors in the literature. The linkage started to appear, with findings which indicate that service excellence boosts reputation



(Brown and Kleiner 1997). Later, Jones (2004) created a scorecard for measuring service excellence in Kuwait banks. The scorecard aimed at providing banks with a focused approach to delivering superior services in the market, by setting standards and measuring performance against customer focused objectives. The scorecard defined excellent image by excellent overall reputation and corporate image. Further, Eberl and Schwaiger (2005) evaluated reputation by conducting a survey on 30 of the largest German firms. In their survey, the overall evaluation of reputation was differentiated into a part that is explained by past financial performance and a part to control the effect of past performance on current reputation. Reputation was measured based on being a top competitor in the market, being recognised world-wide and performing at a premium level.

In general, two notes are observed based on the reputation related literature. First, the literature establishes an association between reputation, perceptions and quality, however, the linkage direction is diverse. On one hand, service excellence and quality are viewed as antecedents or moderators of reputation (such as Wirtz *et al.* 2000). On the other hand, a limited number of researchers precisely, Jones (2004), paid attention to whether service excellence can be the final outcome of reputation, not vice versa. Another note which is worth addressing is that, although reputation has indeed been studied in the context of organisational service quality, a couple of specific paper focused on reputation in relations to service excellence within the context of banks, in particular, Brown and Kleiner (1997) and Jones (2004). Given the significant role that reputation plays in forming customers' perceptions, it is nominated in this thesis to form service excellence, and included in the conceptual model.

#### 4.2.5 Excellent Employees

*H<sub>5</sub>: The antecedent excellent employees is positively related to service excellence*

Within the services sector, the literature has repeatedly emphasised the importance of the human element in the delivery of superior service (Solomon *et al.* 1985) and the dual role of service personnel in the maintenance of operational and marketing tasks in the organisation (Bitner *et al.* 1990). In particular, customer perceptions of exceptional service is often associated with the personal interaction of the employees (Kanadampully 1993), which creates an emotional bonding that is often witnessed when a service firm's customers exhibit more loyalty to the service providers than to the firm itself (Schneider and Bowen 2010). This emotional bonding leads the customer to buy repeatedly or exclusively from that service provider (Butz and Goodstein 1996). Therefore, many services are designed to assist, serve or fulfil customers' personal needs and it is in such situations that the customer commonly seeks to establish and maintain a relationship with the service provider (Parasuraman *et al.* 1991).

Additionally, the services marketing paradigm or marketing orientation (Jaworski and Kohli 1993) depends on the differing managerial principles that can lead to superior performance through the delivery of excellent customer service (Bejou and Ennew 1997). Parasuraman *et al.*'s (1991) research shows that the human elements of assurance, responsiveness, and empathy are the most important in exceeding customer expectations. Perhaps this is because customers commonly desire personalised and close relationships with service providers (Parasuraman *et al.* 1991). Service excellence emanates from this personal experience as the customer interacts with the service provider (Antonacopoulou and Kandampully 2000).

In attempts to examine service excellence elements in banks, Kim and Kleiner (1996) focused their research on certain high performing banks in the United States, and examined how the banks coped with changes in the market place and what made different or excellent. The result was that all three banks studied shared common elements of service excellence, including the banking culture, leadership of management and employee development. The banking culture refers to internal cultural adaptations from the bank. This requires managerial involvement and strong commitment in order to meet external forces of changes in the market place such as deregulations and increased competition. As for leadership of management, this provides vision, and fosters awareness to quality in pursuit of vision. More importantly, employee development requires investing in the skills and knowledge development of customer service employees, giving them the preparation to serve and, in doing so, stocking their desire to serve.

Avkiran (1999) assessed determinants of bank service quality and claimed that there are four factors relating to employees, specifically staff conduct, credibility, communication and access to teller services. Staff conduct means responsiveness, civilised conduct and professional image of branch staff, while credibility includes keeping customers informed and resolving problems. Communication refers to providing financial advice, giving timely notices and access to teller services means appropriate staff number serving customers (Avkiran 1999). Communications through responsiveness and assurance build a personal bonding, which is anticipated to be valued by customers (Burgers *et al.* 2000).

Johnston (2004) found that service excellence is about “being easy to do business with”. It simply requires organisations to do what they promise and if and when things go wrong to have good systems in place to deal with them. A personal touch and a few small extra touches may contribute to this perception. This is reinforced by the human interaction evident during the service delivery process, which commonly enhances customers' trust of the service promise (Evans and Crosby 1988, Harrison 2003). As a result, this will effectively contribute to delivering

service excellence. For example, considering the number of times we seek to change our bank; our aim is to create emotional connection with them. Transference however, becomes evident when organisations fail to live up their promise (Kanadampully 1998). Breaking the service promise is one of the most important ways by which service companies fail their customers (Berry *et al.* 1990), because it affects the trust built between organisations and their customers during customer relationship (Harrison 2003).

To embrace the concept, banks need to become increasingly customer-driven and to respond to customer needs, instead of relying on banks' own judgments of what customers require (Howcroft 1991; Edward *et al.* 1999). This involves planning radical improvements in technical quality, such as product knowledge, operational systems and functional quality such as staff attitudes, behaviour and appearance (Howcroft 1991). Specifically, staff must be encouraged to nurture greater customer empathy and management encouraged to allow an unprecedented level of staff autonomy at the point of sale. Autonomy, to this degree, may well be a necessary prerequisite for a customer service that is superior/ excellent in terms of anticipating and satisfying customer needs (Howcraft 1991). Such a development will have far reaching implications for training and recruitment policy and possibly necessitate an era of management information systems which are data-based to standardise and accelerate decision-making processes efficiently (Howcraft 1991).

It is common for an organisation to draw up a long involved list of rules about how to deal with customers. The employees become involved with following the rules and fail to concentrate on what is really important. However, customers are not particularly impressed when employees follow a list of rules, because they can tell that the smile is fake, the employee is mouthing the right words but is not interested at all, the questions are impersonal and the "Thank you, please come back" is not authentic (Pritchett 2007). According to Pritchett (2007), excellent service rarely comes from following a rigid list of rules about what to do or say, instead what really counts to the customer is the following:

- Personalised attention: being treated like an individual, with every personal need and a unique situation.
- Positive behaviour: respect, consideration and appreciation...etc.
- Being understood: in terms of feelings, point of view and the facts of the situation.
- Helpfulness: in the form of results and fulfilling the need.

It is argued that service providers personalise services, by making customers feel special. This "extra touch", can make service excellence achievable in organisations. For example, banks that make customers feel special, will have special customers (Pritchett 2007). The idea is to provide such remarkable service that will literally surprise the customers by making them feel privileged. Such personalisation is also linked to anticipating customers' needs, because it means going beyond the call of duty and exceeding expectations (Pritchett 2007). Instead of taking customers for granted, exceeding expectations during customer service, will make them feel important (Pritchett 2007). although the verdict of personalisation is providing the right product to the right customer at the right time and right place (Berg *et al.* 2001; Coner 2003), organisations should always anticipate service delivery problems, in that the most effective service recovery is fast, customised and personalised (Heskett *et al.* 1997). The performance of contact employees and the personalised customer interaction that takes place during service delivery are important indicators of quality (Marisa *et al.* 2005; Little and Dean 2006; Schneider and Bowen 2010). Also, while customer service aims to satisfy the expressed needs of the customer, service personalisation enables the organisation to understand customers' expressed and unexpressed needs.

In an environment of heavy competition and many options of service providers available for customers, this is a successful way an excellent organisation can differentiate itself, because organisations that have the capacity through personalising to define service excellence and to add value to the service which is

more in line with the customer's requirements, are considered to be creating a differentiation strategy that cannot be easily replicated by competitors (Tsai *et al.* 2005). Also, in the pursuit of service excellence, it is recommended that customer problems should always represent an opportunity (Pritchett 2007). This is because problems give a chance to leave a mark in the mind of the customers and can turn them into real opportunities. Problems represent opportunities to do something special, and show organisations how they can recover. Hence, in efforts to manage service transactions successfully, problems should never be overlooked, instead they should be used, because people who had their problems and complaints handled effectively, might become loyal customers and will trust the service provider. This differentiation strategy through people, not only renders duplication difficult, it also makes the value of services more personal and it can offset an otherwise poor service (Grönroos 1984).

This discussion merely serves to highlight that reaching service excellence, and sustaining a market leadership position, demands shifting the focus towards providing services through people. From one side, it is the employees who define the uniqueness of service quality in terms of, adding value to the services offered. Further, they have to be very good at what they do, delivering results for customers day after day, time after time. This requires a very high level of capability centred on good employees selected carefully for frontline jobs they occupy, whom are supported and motivated by outstanding methods, incentives and technologies, and whom are able to exercise judgment and remain flexible when unanticipated things happen (Pritchett 2007). Excellence in service can therefore be derived through the ability of service employees to make a personal difference to the service experience of their customers. From another side, consumers seem to assess the process as well as the final outcome of services received. As such, employees' conduct, the waiting time and the smile are as important to customers as the approval of a loan, for instance Lymperopoulos *et al.* (2006). Hence, strategies formulated by banks should place special care on recruiting competent and friendly personnel, and developing employees through continuous training, in order to improve their efficiency of

performing banking transactions and enhance interpersonal communication skills (Lympelopoulou *et al.* 2006).

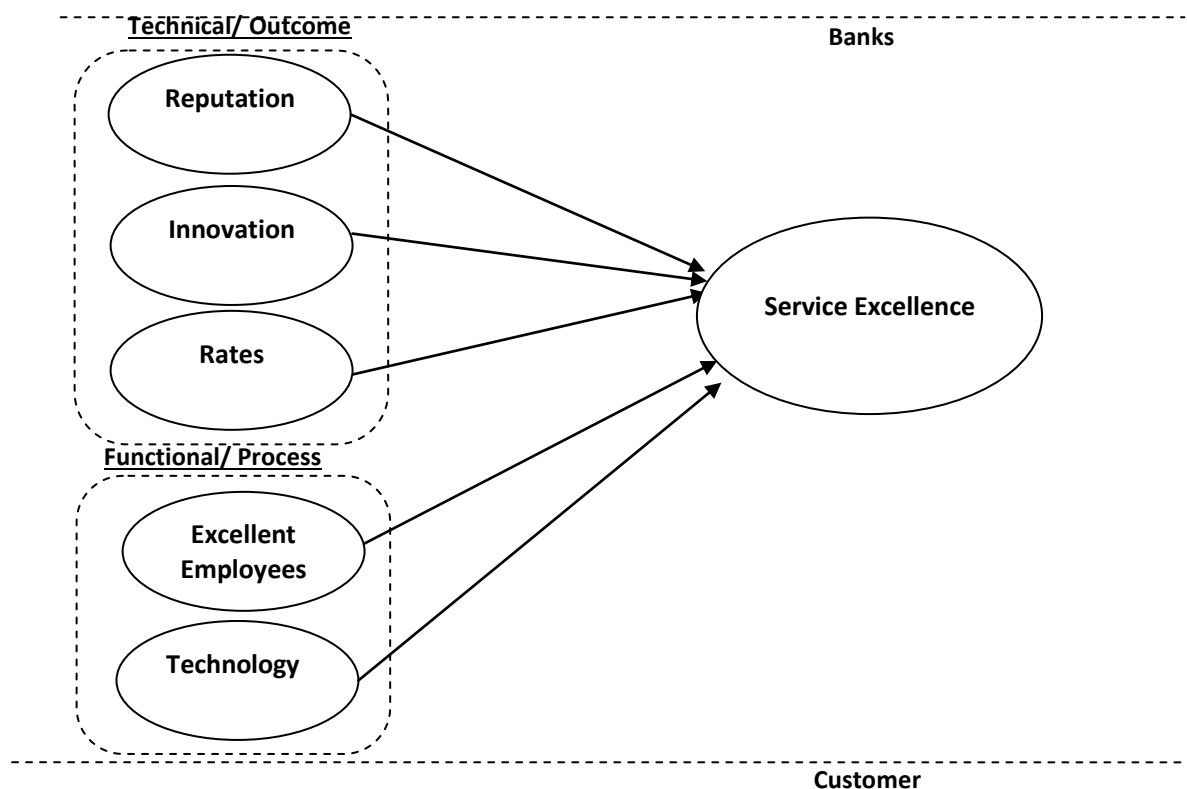
Although not much of the literature, have addressed excellent employees as a determinants to SE, its continuously advocated relationship with service quality has long been established (Parasuraman *et al.* 1991; Avkiran 1999). Due to the existence of a strong relational bond between the service employees and the customers evident in the narrated literature, and the implications provided to organisations to anticipate customers' unexpressed needs, by possibly personalising services (Kandampully and Duddy 1999). *Excellent employees* was suggested to be another possible antecedent for service excellence. Therefore, the inclusion of excellent employees in the conceptual model, prior to empirical testing, was deemed initially essential for this thesis.

### 4.3 THE SERVICE EXCELLENCE CONCEPTUAL MODEL

Since service organisations, aspiring to achieve service excellence cannot rely heavily on each antecedent on its own. They have to be very good at what they do, delivering results for customers day after day, time after time. This requires a very high level of capability centred in good employees selected carefully for frontline jobs they occupy, whom are supported and motivated by outstanding methods, incentives and technologies, and whom are able to exercise judgment and remain flexible when unanticipated things happen (Pritchett 2007). Excellence in service can therefore be derived through the ability of service employees to make a personal difference to their customers, to provide innovative solutions, through highly technological facilities and within competitive rates in the market. Service excellence reframed through the previous antecedents will possibly generate positive financial performance and reputation which is comparable to the transformation of lead into gold (Antonacopoulou and Kandampully 2000).

Further, service quality in general, and excellence in specific, is proved to be one of the most important choice criteria for bank selection. This demands that strategies should be formulated appropriately and action plans should be developed by focusing on particular service dimensions that do constitute significant choice criteria in the target market (Lymperopoulos *et al.* 2006). Given this demanding nature of service excellence, and further to the reviewed literature in this chapter, five potential antecedents were highlighted in this chapter. Consequently, this thesis initially posited that service excellence is a result of five antecedents, which were preliminarily adopted from the literature, in an attempt to bridge another gap that exists in the literature. The antecedents that were highlighted are: rates, excellent employees, reputation, innovation and technology. The antecedents were nominated to formulate the theoretical structure of this thesis, prior to any empirical validations.

**Figure 4-2: The Service Excellence Conceptual Model**



*Source: The Author*

The proposed conceptual model, *Figure 4-2*, illustrates the conceptual model based on antecedents which were adopted. The developed model in this chapter is



considered a generic framework, yet flexible to contextualise in the relevant services setting; banking. The model shows that service excellence is assessed at two levels: the customers and the banks. This is based on finding that customers perceive service quality at the organisation and the customer transactional levels. Further, the conceptual model in this thesis proposes that SE is a result of looking at both functional/process (employees and technology) and technical/outcome factors (rates, reputation and innovation). This is influenced by Grönroos (1984) original SQ conceptualisation, as opposed to Parasuraman *et al.*'s. (1988) and Rust and Oliver's (1994) sole focus on either process or outcome. Also, this involves planning radical improvements in technical quality, such as product knowledge, operational systems, and functional quality such as staff attitudes, behaviour and appearance (Howcroft 1991). This conceptual model is required at this stage to explain the hypothetical relationships for this thesis. It builds and contributes to the established work in the literature because it highlights the main construct in relations to the potential determinants of service excellence in the form of key antecedents.

### 4.4 CONCLUSION

The aim of this chapter was to produce a conceptual model of this thesis. The identification of potential antecedents of service excellence began with a thorough review of existing quality scales. Despite that it would have been simpler to borrow a complete set of antecedents from already existing excellence scales. A new set of antecedents was predicted, because unlike commonly used quality scales, such as the SERVQUAL, the lack of relevant conceptualisations prevented from doing so. Therefore, the antecedents reputation, rates, excellent employees, innovation and technology, were chosen based on extracting segregated determinants from the literature given an expert review (explained in the Methods Chapter of this thesis). The end outcome of this chapter is the formation the conceptual model for this thesis, given the proposed antecedents.

Each of the stated hypotheses  $H_1$  to  $H_5$  consists of an independent variable, and dependant variable. Causal relationships are supposed to emerge between the variables. The outcome of testing the causal relationships is reported in the SEM Findings of this thesis, Chapter Nine.

## **5 RESEARCH METHODOLOGY**

### **5.1 INTRODUCTION**

This chapter provides an explanation of the research philosophies and methodologies that were available for application in this thesis. The objective of this chapter is to improve the understanding of the constructs at two levels: methodological and conceptual. This begins with providing descriptions of the fundamental concepts of research philosophy, and defining the overall direction of research, including the process by which this research was conducted.

Two major available paradigms are explored: the positivist and the interpretivist paradigms. Both of these research paradigms include theories and methods based on different goals and underlying assumptions. The methodology which integrates the two paradigms is explained in the chapter. In addition, the available paradigms were compared for the purpose of highlighting the existence of a number of ways for gaining knowledge, among which the most appropriate for this thesis was selected. Later, the chapter turns to the current thesis, to justify the adopted paradigm and the methodological framework for this thesis.

#### **5.1.1 The Difference between Research Methodology and Methods**

It is appropriate to differentiate between research methodology and methods, because it is important for the researchers to know not only the methods and techniques but also the methodology (Kothari 2008). Research methods refer to all the analytical techniques available for the conduction of research (Kothari 2008). Research methodology is a way to systematically solve the research problem. Another difference is that in methodology, researchers study the steps that are generally adopted by a researcher to study the research problem, along with the

logic behind them (Kothari 2008). Further, in methods researchers are interested in calculating the means, modes and formulas...etc. At the same time, they need to understand the assumptions underlying various techniques, which methods and techniques are more relevant, and the criteria by which the research techniques were selected (Kothari 2008). This is satisfied by designing the methodology first, being wider in scope. Then, identifying the applicable research methods, which is just a small part of methodology.

Hence in the discussion in this chapter not just justifies the logic behind the research, but it also captures some elements of the methods. However, a more focused view on the research techniques, and a rationalisation of how specific techniques are utilised, is explained in the next chapter of this thesis, Chapter Six.

## 5.2 RESEARCH PHILOSOPHY

Research philosophy refers to the philosophical stance, which underpins the methods followed in research. The reason why the research stance is an integral part in forming the methodology and methods is that it clearly communicates the standpoint of the research, it allows others to quickly understand context and it provides a means for clearly conveying the results of that research (Burke 2007). Within a philosophical stance there is a paradigm embedded or an *approach* (Johnson *et al.* 2007). Other authors used metaphors to describe a research paradigm. For example, Burke (2007) describes the research paradigm, as a “set of lenses”, which allows the researcher to view the fieldwork within a particular set of established assumptions, thus merging the theoretical value of the paradigm with the practical application of conducting rigorous research.

In order to define each research paradigm, three fundamental questions were asked (Guba and Lincoln 1994; Hunt 1994, 2005):

1. The *ontological* question; what is the form and nature of reality? For example, a theory and its concepts.
2. The *epistemological* question; what is the nature of the relationship between the knower and what can be known? This question refers to a set of criteria for evaluating knowledge claims.
3. The *methodological* question; how can the knower find out whatever he/she believes can be known? This question refers to the procedure by which knowledge is to be generated.

These three questions served as the main foci around which the research paradigms are explained, *Table 5-1*.

**Table 5-1: Research Paradigms**

<b>Alternative Inquiry Paradigms</b>	<b>Positivism</b>	<b>Interpretivism</b>
<b><i>Ontology</i></b>	Objective Tangible Single Fragmentable Divisible	Subjective Socially constructed Multiple Holistic Contextual
<b><i>Epistemology</i></b>	Nomothetic Time free Context Independent	Idiographic Time bound Context-dependant
<b><i>Methodology</i></b>	Experimental/ manipulative Verification of hypotheses Chiefly quantitative methods Inferential statistics, hypothesis testing, mathematical analysis, and experimental and quasi experimental design.	Descriptive Open attempts to new information Emergent research process Evolving Research design Case studies

*Source: Adapted from Hudson and Ozanne (1988)*

The literature combines various guiding paradigmatic schemes, among which Hudson and Ozanne's (1988) was found the most concise for the explanation of this section, because their discussed paradigms target the marketing/ consumer research domain. Accordingly, the distinguishing features of positivism and interpretivism are

explained based on the fundamental beliefs underpinning each approach, the nature of relation between the researcher and the subject of interest, or reality, and the preferred methods of analysis associated with each approach, *Table 5-1*.

The positivist school of thought can be defined as an approach where facts are clearly defined and results are measurable. The interpretive school, in contrast, maintains that, “Unlike atoms, molecules, and electrons, people create and attach their own meanings to the world around them” (Lee 1991: 347). Interpretivism maintains the position that people, and the physical and social reality that they create, are fundamentally different from the physical reality examined by natural science. Interpretivism refers to such procedures as those associated with phenomenology, ethnography, hermeneutics and case studies. Interpretivism is considered synonymous to the concept of anti-positivist (Hunt 1991) and the phenomenological or non- positivistic school (Remenyi and Williams 1998).

### **5.3 COMPARISON BETWEEN POSITIVISM AND INTERPRETIVISM**

Many debates have been initiated between positivists and interpretivists on several issues. As mentioned under the methodology section, while positivism sets out systematic research design, it is not usually possible for interpretivism to be planned. Sometimes a distinction is made that the positivist’s findings can be modelled, while the phenomenologist’s findings cannot (Lee 1991; Remenyi 1995). Hence, the positivist’s model is more likely to be expressed mathematically than the phenomenologist’s, which is usually expressed either in words or in diagrams. But both are utilised paradigms and are capable of being used to explore different assumptions.

Perhaps, a really significant debate between positivist and phenomenological research is the degree of commitment towards research methods. By its adherence to scientific rules, mathematics and statistics, positivism is thought to advocate

quantification of science (Fotheringham 2006). Oppositely, by avoiding mathematical and statistical tools, interpretivism advocates qualitative methods (Hunt 2001). Nevertheless, interpretivists refer to positivism on occasions to support their case for qualitative methods (Hunt 2001). Therefore, positivism is more comprehensive in that it is compassionate towards both science and philosophy, compared to some interpretivists who are openly unreceptive to science.

A further point is that by simplifying the reality and removing complicated factors positivism adopts a reductionist approach to exploring the relationships between the variables being studied (Remenyi 1995). On the other hand, a phenomenologist approach to research is not reductionist but holistic, where the researcher involves not only in as many as possible of the variables being studied but in more complicated studies. However, both positivist and interpretivist studies need to be replicated before any law-like generalisations can be made (Remenyi 1995). By definition, it is more difficult to replicate such interpretivist studies, because generalisations are much more sophisticated, affecting the validity of the findings. The more complicated the circumstances of the study, the greater the variation in the results of replicated studies, and thus a higher degree of error. As a result, this will affect whether the work will be accepted as being a valuable addition to the body of knowledge or not, as the researcher must argue convincingly that the findings are valid and that the errors are random (Remenyi 1995).

**Figure 5-1: Philosophical Paradigm Continuum**



*Source: The Author*

There are considerable differences between positivism and interpretivism, which make the positivist point of view more favourable for this research due to its

comprehensiveness and generalisability. Nevertheless, seeing both concepts as a related continuum, instead of being two markedly different poles is useful, *Figure 5-1*. This approach to understanding these difficult issues of ontology, epistemology and methodology could allow the research philosophies and methods to be mixed and matched from a triangulation perspective, which is discussed afterwards.

#### 5.4 TRIANGULATED RESEARCH

The discussion about the different paradigms for acquiring knowledge creates different options that can be advocated. One possibility is to say that positivism or empirical science does not need interpretivism in its phenomenological form, and that it should just go ahead with its own work without wasting any time on a discredited research program (Zahavi 2004). Another option is to argue that one should distinguish two forms of acquiring knowledge, positivism and interpretivism, so each paradigm can simply pursue its own task in splendid isolation. The final option is to argue that positivism and interpretivism can enter into a fruitful exchange (Zahavi 2004). These reflections lead to the relatively contemporary trend of what is normally referred to as triangulation (Jack and Raturi 2006).

Originating from navigation and military strategy, which uses multiple strategic points to locate an object's exact position, (Kuosa 2009), triangulation combines several research methodologies to study the same phenomenon (Hussein 2009). Complementary methods are deployed under the assumption that weaknesses inherent in one approach will be counterbalanced via strengths in another. The fundamental idea of triangulation is the application of several methods and appropriate strategies for assessing the phenomenon. Thus, several different questions can be asked about the same phenomenon and the appropriate method used for each question.



Normally the goal of triangulation is to obtain confirmation of findings through convergence of different perspectives (Jack and Raturi 2004). Additionally, the purpose of the framework is to persuade both positivist and interpretive researchers of a particular common ground between them, by strengthening each other in a collaborative research effort, as opposed to one that maintains isolated independency of the two paradigms. Denzin (1970) suggests four basic ways of triangulation:

- Data triangulation with respect to time, place, person and level.
- Investigator triangulation via multiple observers of the same phenomenon.
- Theoretical triangulation via multiple theoretical perspectives with respect to the same set of objects.
- Methodological triangulation via both between-method (dissimilar methods) triangulation and within-method (variations within the same basic methodology) triangulation.

Triangulation, in particular its methodological form, can improve the validity and reliability of data collected (Malterud 2001). In the case of this thesis, the aim of triangulation is to increase the understanding of complex phenomena, in which agreement among different sources confirms validity. This contribution is based on the rationale that different data generated from quantitative and qualitative methods complement each other in revealing different profiles of the social world and provide richness or detail that would be unavailable from one method alone. When qualitative and quantitative paradigms are combined, the methods are often applied in sequential order (Jack and Raturi 2006). Semi structured interviews or observational data might, for example, be used to explore hypotheses or variables when planning a large study, resulting in enhanced sensitivity and accuracy of survey questions and statistical strategy.

Another advantage of triangulation is contingency which is determined by the need for insights into how and why a certain method is chosen (Jack and Raturi

2006). For example, qualitative research is normally used when a phenomenon is very complex or poorly understood, which creates a contingency for choosing the right set of methods. Report analysis, Interviews with customers and an interpretive mode of assessment can orient researchers to how and why phenomena are created. Qualitative investigation can also help organise quantitative data that have already been gathered or suggest new ways of approaching the phenomenon (Jack and Raturi 2006). Some drawbacks, however, must be considered:

1. When data from different methods are incorporated, it may be difficult to decide which should be accepted and who should take decisions, and might to lead different discrepancies with interpretations (Kaplan and Maxwell 2005).
2. Triangulation may suffer from the problem of ironies in data collection (Silverman 1993), because it becomes much difficult to compare different sets of data, in addition that data collected from different contexts are combined without diligent cross examinations.
3. Triangulation does not provide a common unit of observation for each theory to be applied.
4. There is the usual question of time, cost and accessibility to critical data areas, types or levels (Lee 1991).
5. A constraint upon the framework is to accept the fundamental concepts of the positivist approach, to accept the fundamental concepts of the interpretive approach, to provide a fair treatment that does not favour one approach over the other and to recognise the methodological criteria of the procedures of each approach (Lee 1991).

Notwithstanding that the concept of triangulation is applied differently, it is less a case of checking a fact collected by one method, using another method than using one method and then justifying the results by means of another (Yeung 1997). Triangulation is the best way to avoid being misled by a single inaccurate or biased

source of data by including as many viewpoints and as many sources of data as time, cost, and convenience permit utilising on multiple sources of data to triangulate the problem (Roth and Mehta 2002). Indeed, triangulation is one of the most widely applied approaches in social sciences, quantitative as well as qualitative (Denzin and Lincoln 2000).

The methodological implication is that triangulation is useful in so far as different phases of a concrete phenomenon are researched through the most appropriate combination of methods, which is not about replication, but is about making connections within particular cases.

## **5.5 THESIS PHILOSOPHICAL STANCE**

This focus of this thesis derives from a mix of issues. As the services marketing discipline does not offer an easily accepted paradigm, a decision has been made to explore and accept one of the paradigms offered by the literature. This thesis adopts the positivist paradigm. The justification for the use of the positivist approach can be summarised by an overview of the evolutionary application of positivism in the academic marketing research together with examining different epistemological assumptions of how the assumption fits this thesis research. This task is discussed, next.

Referring to the practice of research in several business streams such as service marketing, positivism is the most widely used paradigm (Sobh and Perry 2006) and assumes implicitly or explicitly that reality can be measured by viewing it through a one way, value-free mirror (Sobh and Perry 2006). Concepts such as reliability and validity are used to defend generalisations and specify the extent to which certainty has been achieved. The dominance of this view started to reveal in the US by Hirschman (1986) who found only one study in the Journal of Marketing that was non-positivist. Also, the inductive-statistical orientation, brought by

positivism, is particularly well established in the US, which was influential in the establishment of marketing in highly reputable universities, in particular, Harvard (Chung and Alagaratnam 2001).

Further, ten years of academic research in marketing reveals the continuing dominance of quantitative research. Indeed, Hanson and Grimmer (2007) analysed three marketing journals; Journal of Marketing, European Journal of Marketing and The Journal of Services Marketing, where in the three journals the proportion of research articles that were quantitative was more than 70 per cent. Further, even an apparent rise in qualitative research over the earlier part of the sample period (to 1999) was found to have reversed in the most recent years. Academic marketing thus remains dominated by the goal of making generalisable statements from an objectivist framework.

Given the previous background which shows the dominance of objectivist framework in the literature, and given the nature of variables in this particular thesis, this thesis strongly resides within the positivist side of the spectrum. However, this thesis occasionally triangulated by utilising qualitative paradigms extracted from the interpretivist end of the continuum, especially at the scale development phase, with the provision that the observations are not contradicted, and given that different interacting methods are supported. In particular, the adopted philosophical paradigm of this thesis can be plotted on the same philosophical paradigm continuum, *Figure 5-2*.

**Figure 5-2: Thesis Philosophical Stance on the Continuum**



*Source: The Author*

In several fields, the case for triangulation seems to have acquired strong support (Tashakkori and Teddlie 2003). Indeed, the use of multiple methods overcomes the constraints of a single research method through the combined strength of a selected set of methods (Brewer and Hunter 1998; Gill and Johnson 1997). But, even though qualitative research in academic marketing includes techniques that fit around the middle of the continuum that begins with positivism and extends to the phenomenological paradigm, the guiding ontology may often be positivist (Giddings and Grant 2006) which puts forward a numerical representation of issues and seeks to pin the world down with definite statements (Hunt 1994). This is not so much a policy against qualitative research, but it is just that a bias towards quantitative methods was influenced by the academic marketing literature. This is pinpointed by the major methodological issues related to this thesis, *Table 5-2*, which determine how this thesis was driven towards positivism.

**Table 5-2: Summary of this Thesis Philosophical Paradigm and Methodology**

<b>Item</b>	<b>Description</b>
<b>Research Context and Settings</b>	While several studies have used surveys to measure service excellence, few of these studies identify the sources of excellence and apply them to the banking services sector.
<b>Objectives</b>	To develop measurement instrument of service excellence on a scale, and to apply on the banking sector.
<b>Research Design</b>	Scale Development and survey research.
<b>Data Sources</b>	Survey responses from the sample banking customers.
<b>Hypothesis and Propositions</b>	Four hypotheses that measure service excellence in the banking services sector.
<b>Analytical Methods</b>	Structural Equation Modelling, Exploratory Factor Analysis, Confirmatory Factor Analysis, item analysis, ANOVA and regression analysis.
<b>Validity Established</b>	Content validity, Construct Validity, Convergent Validity, discriminant Validity, Nomological, and statistical conclusion validity

*Source: The Author*

Based on the followed philosophical stance, the requirements of scale have been established to measure the antecedents in this research's conceptual model. Also, data about service excellence have been collected and analysed in an objective, inductive and positivist way, as will be discussed further in the next research methods Chapter 6 of this thesis.

## 5.6 CONCLUSION

Following a research philosophy requires selecting from a considerable range of paradigms. In the first place the key issues of ontological and epistemological beliefs of theory must be addressed. Then there are the issues of empiricism and methodology which should be understood and resolved.

Further, the choice between quantitative and qualitative research is more about the philosophy of knowledge and how one understands the reality. However, rather than thinking of qualitative and quantitative strategies as incompatible, they should be seen as complementary. Although procedures for textual interpretation differ from those of statistical analysis, because of the different type of data used and questions to be answered, the underlying principles are much the same. Both qualitative research and quantitative research have a role to play in academic services marketing.

Previous work on the domain of this thesis topic suggested that an overwhelming amount of academic marketing is quantitative with an overriding positivist paradigm. Therefore, this thesis basically followed a positivism paradigm with bias in favour of quantitative methods. Also, assessing the measurement model against a set of criteria exhibited reflective characteristics. Consistent with the research paradigm's assumptions and the measurement's model strategy, the set of research tools, which helped collect evidence, analyse evidence and produce findings, are justified.

## 6 RESEARCH METHODS

### 6.1 INTRODUCTION

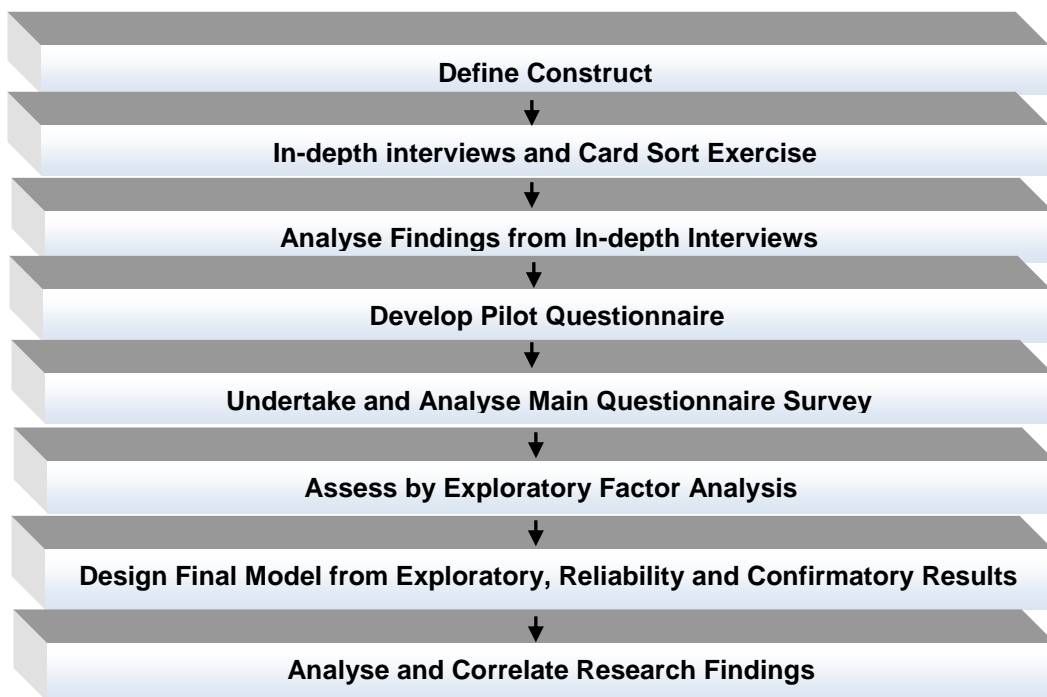
This chapter discusses the exact methods which framed this research. It provides an understanding of the techniques which generated empirical evidence and which should facilitate judging this thesis. Because there were a wide number of options available, the followed approach to the research methods is justified. The research strategy which was set for the completion of this thesis, took into account a positivistic methodological philosophy, having been rationalised and followed in the previous chapter.

In general, the research methods are normally organised into the following groups (Kothari 2008):

1. The methods which are concerned with the collection of the data.
2. The statistical techniques which are used to establish relationships between the data and the unknown.
3. The methods which are used to evaluate the accuracy of the results obtained.

Accordingly, the framework used to design and validate the main constructs measurement models is presented. Hence, elaborating on the statistical tools which were utilised. The specific research methods are discussed next, in line with Remenyi *et al.*'s (1998: 44) recommendations of giving specific consideration to the research "tactics" or methods once the research strategy is decided, .

Figure 6-1: Research Design for This Thesis



*Source: The Author*

Based on the research design structure, in Figure 6-1, and in line with the main objectives, the main methodological contributions of this thesis are the following:

- Defining the construct: an updated definition of service excellence was initiated.
- Building the research scale, based on the developed items.
- Developing the customised research instrument to the banking services sector, with respect to refining the items.
- Examining the correlation between the research constructs



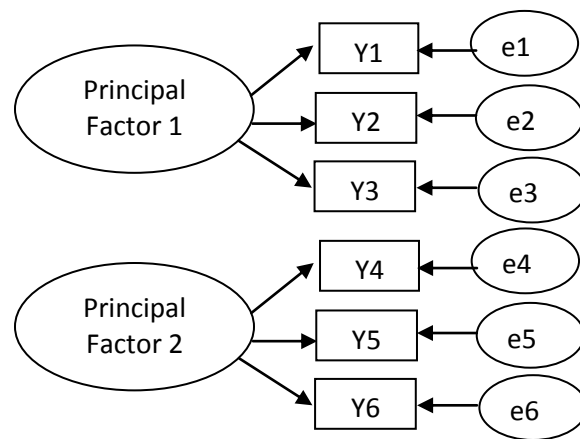
## 6.2 MEASUREMENT MODEL

The choice of the measurement perspective and the resultant choice of procedure have important implications from an empirical point of view. Therefore, it was important to compare the differences between the available measurement options, in terms of underlying assumptions, causal relationships and measurement methods. In general, there are two main measurement options for assessing the latent constructs: formative and reflective. The two paradigms might result in materially different coordination measures with respect to content, parsimony and criterion validity.

In reflective models, *Figure 6-2*, the latent construct is assumed to result in consequences, normally referred to as indicators. Hence, the causal relationship's direction is from the construct to the indicators, where a change in the latent construct results in changing values of reflective indicators (Baxter 2009). An example of this is personality or attitude (Diamantopoulos and Siguaw 2006) which have underlying indicators such as behaviour. Critical scale properties in reflective models include internal consistency, inter-correlations among the items and convergent and discriminant validity<sup>17</sup>.

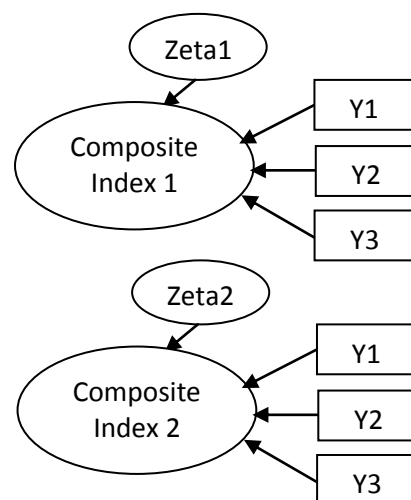
---

<sup>17</sup> Detailed explanation of the scale development properties is provided by Churchill (1979) and Rossiter (2002).

**Figure 6-2: Reflective Measurement Model**

Source: Adapted from Jarvis et al. (2003)

Formative models, Figure 6-3, assume that changes in the indicators cause variation in the latent construct, rather than the other way round (Diamantopoulos 2008). Hence, the causal relationship's direction is opposite to reflective models. A common example of formative constructs is social status that results from several characteristics such as occupation, income, education and other formative indicators (Podsakoff et al. 2006).

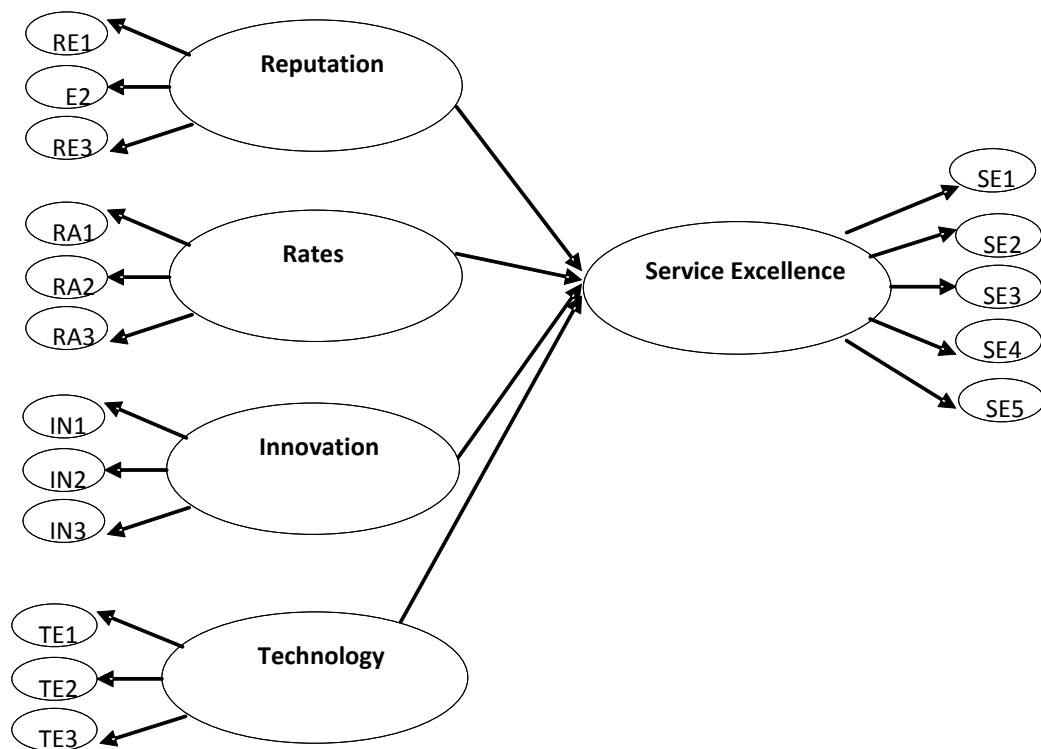
**Figure 6-3: Formative Measurement Model**

Source: Adapted from Jarvis et al. (2003)

Formative models usually require index construction (Diamantopoulos and Siguaw 2006), as opposed to multi-item scale development in reflective scales. Index construction includes explaining unobserved variance, multicollienarity among the indicators and emphasises the role of the predictor rather than the predicted variables (Diamantopoulos and Siguaw 2006).

The measurement model for this thesis is validated and concluded at the end of this thesis, Chapter 9. However, it is useful to take a glance in advance in this section, *Figure 6-4* , to illustrate the selected validation measurement model.

**Figure 6-4: The Validated Reflective Model**



*Source: The Author*

Choosing the measurement model for this thesis was not an easy task, due to many factors. Firstly, the choice between a formative and a reflective specification should be primarily based on theoretical rather than pure empirical considerations

regarding the relationship between the indicators and the latent construct under examination (Edwards and Bagozzi 2000). Secondly, there exists a large debate in the literature regarding the choice of measurement models. Indeed, such an argument was previously highlighted by Chin (1998) whom emphasised the importance of noticing that some variables may be assessed as both reflective and formative in measurement models. Nevertheless, in order to determine whether the main constructs were formative or reflective in this thesis, a set of criteria was considered, based on Jarvis *et al.*'s. (2003) advice.

A primary condition is the direction of causality, which should be from items to constructs in formative models, and from construct to items in reflective models (Jarvis *et al.* 2003). In this thesis, *Figure 6-4*, the main construct and the direction of the arrows is from four antecedents towards the items, which suggests a reflective relationship. This logical relationship applies to all the hypothesised relationships in this thesis. Another criterion is the inter-changeability of the items/indicators. Indicators need not be interchangeable in formative models, and vice versa (Jarvis *et al.* 2003). On the other hand, all the identified indicators in this research, *Figure 6-4*, might possibly be interchangeable.

The criteria which was initiated by Jarvis *et al.* (2003) for identifying measurement is useful, given that there is no general consensus among researchers for determining whether constructs should be specified as reflective or formative (Diamantopoulos and Winklhofer 2001; Edwards and Bagozzi 2000). But, Jarvis *et al.*'s (2003) criteria alone were not sufficient to determine that the reflective model specification was the best for this thesis. Therefore, to enhance the argument of measurement model, formative model specifications constructs were investigated, where many limitations of formative measure were found to exist in the literature.

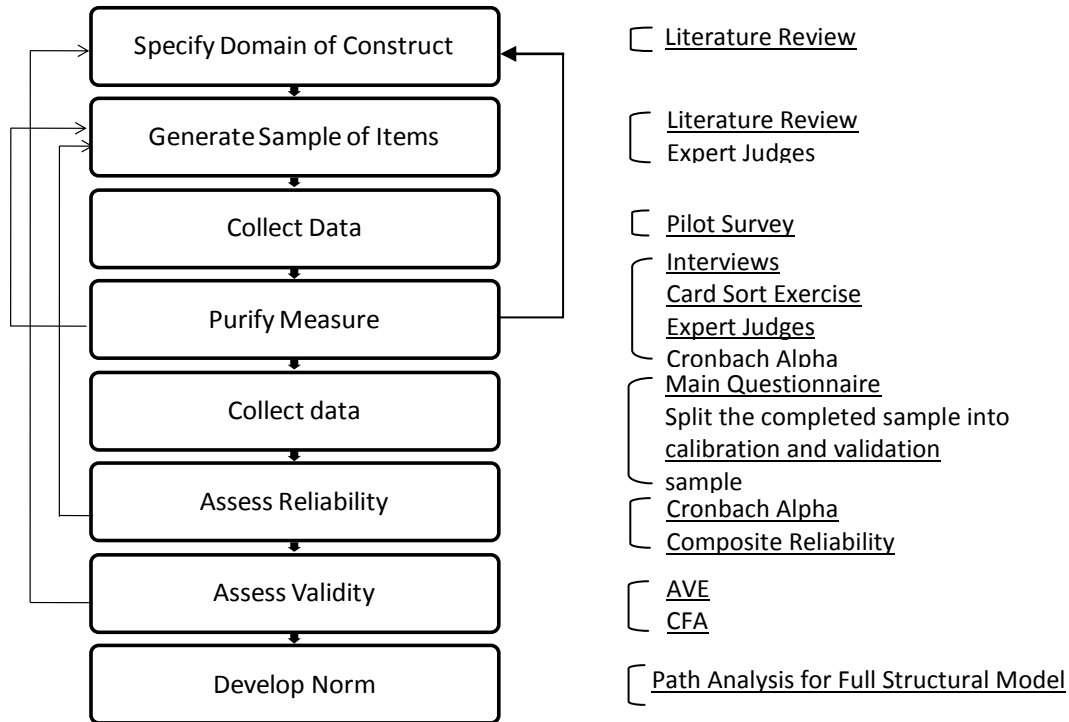
Firstly, for formative specifications, a census of indicators is required (Bellon and Lennox 1991), which means that the items used as indicators must cover the

entire scope of the latent variable as described under the content specification. Whereas, for reflective indicators, “a set of items is chosen randomly from the universe of items relating to the construct of interest.” (Devellis 1991: 55). In this thesis, it was impossible to choose a census of indicators for SE, because of the lack in the literature in defining the relatively contemporary concept of SE, as explained in earlier chapters. Therefore, the indicators and the accompanying items in Figure 6-4 were extracted from a large pool of items from the literature, suggesting reflective specifications. Secondly, guidelines for constructing indexes based on formative indicators are much harder to find (Diamantopoulos and Winklhofer 2001). Also, there is a lack of consistent standards for assessing the psychometric properties of formative measures (Bagozzi 1994). This is unlike scale development, where a detailed step by step process guides the construct specification, item selection and purification, and scale validation (for example, Churchill 1979; Rossiter 2002). Thirdly, formative models do not allow estimating the parameters of a formative model within a structural equation model, without linking the latent variable to at least one other latent variable (Diamantopoulos and Winklhofer 2001).

Generally, in business research, and particularly marketing, reflective models are the most traditionally used (Diamantopoulos 2008) where variables are normally tested via constructing multi-item scales (Edwards and Bagozzi 2000). Therefore, for this thesis, a multi-item scale was developed, instead of index construction. The next sections discuss scale development methods to evaluate the measurement model.

### **6.3 SCALE DEVELOPMENT METHOD**

This thesis integrated several approaches to develop the scale. However, the thesis mainly adopted the classical Churchillian (1979) approach to scale development. This approach starts from specifying the domain of construct and ends with developing norm, as presented in Figure 6-5.

**Figure 6-5: Scale Development Procedure**

Source: Adapted from Churchill (1979); Anderson and Gerbing (1988); Rossiter (2002)

Churchill's (1979) paradigm has been utilised to develop the scale for this thesis. Because, not only does it develop marketing constructs (Webster 1990, 1993), but it also measures service quality (Parasuraman *et al.* 1988; Aldlaigan and Buttle 2002). On the other hand, Rossiter's (2002) C-OAR-SE procedure was referred to especially for the formation of the scale design, whereby clearer instructions are given, which Churchill (1979) did not touch upon. Perhaps the over-specification of the details is the purpose why Rossiter (2002) was not adopted as the major reference for scale development in this thesis.

### 6.3.1 Domain Specification

The definition for SE which was established earlier in the thesis, served the purpose of specifying the domain and main construct for this thesis. As a reminder, this thesis suggests a definition for service excellence as "The ability of banking services to continuously exceed customers' evaluations of service quality or meet

their expectations of outstanding service". It was also rationalised that this proposed definition, as opposed to other definitions in the literature is customised and dynamic<sup>18</sup>. Thus, the definition adequately represents the domain of this research. The entire constructs were defined within the conceptual model of this thesis, and as a preliminary step of scale development<sup>19</sup>.

Since this thesis lies within the services marketing domain, the perceptions of customers were assessed by consulting the body of the literature for a list of related construct antecedents and items to capture the domain of this research. Although the constructs and list of items might not necessarily be exhaustive, it is argued that they are valid. More details are provided in the next steps of scale development.

### 6.3.2 Generation of Scale Items

An initial set of 89 items was generated from the literature, with emphasis on the domain of service excellence, and the financial services and bank marketing context<sup>20</sup>. In order to eliminate high redundancy, items were compared and investigated. Then, duplicated items were removed from the list, and similar items were merged together. This resulted in a compiled pool totaling 28 items. Afterwards, items were categorised into groups based on content similarities, which later reflected the constructs of this thesis. In the final stage of item generation, a team of expert judges from Coventry University checked and compared each item to give a better interpretation to the items. The wordings were reviewed and occasionally edited. The end result of this effort, and depending on exploratory factor analysis, led to labelling the main research construct and 5 antecedents as

---

<sup>18</sup> Refer to Chapter Three for more details on the definition of SE, and to Chapter 4 for more background about the conceptual model.

<sup>19</sup> Based on Churchill (1979) recommendations, details are available in Chapter 7 of this thesis, *Table 7-1*.

<sup>20</sup> The 89 item pool is available in Appendix 1 of this thesis.

follows: Service Excellence-5 items, Rates-3 items, Innovation- 5 items, Technology- 6 items, Reputation- 3 items and Excellent Employees- 6 items.

### 6.3.3 Research Data Gathering Methods

The debate on which research method to use, flows from a researcher's position on ontology and epistemology (Ponterotto 2005). Many techniques are used under both the positivist and interpretivist philosophies of research. Quantitative and qualitative data gathering methods have arisen as a major theme on the basis of these competing paradigms, and which, for the most part, have widely been discussed in the literature (for example, Hunt 2001; Sobh and Perry 2006).

In some cases scholars have chosen not to use the quantitative and qualitative distinction and instead have used synonymous terms. For example, the terms *positivist* and *empiricist* often denote the same fundamental approach as *quantitative*. On the other hand, *naturalistic* field research, *ethnographic*, *interpretivist*, and *constructivist* are sometimes used instead of *qualitative*. Regardless of which denotation is used, the literature tends to debate the distinctiveness of, and often the compatibility between, quantitative and qualitative methodologies as against particular techniques. Despite that some procedures in qualitative and quantitative research methods, are different, because of the different nature and assumptions of the data and questions to be answered, there are many similarities. Both qualitative and quantitative paradigms are empirical methods in that they involve the collection, analysis, and interpretation of observations or data (Ponterotto 2005). Additionally, the effect of a researcher on a research, the principles and consequences of sampling and the process of organisation and interpretation during analysis, all affect research, and are closely related to different aspects of validity (Malterud 2001).



#### **6.3.4 Data Collection- Qualitative Research**

Taking its lead from Churchill (1979), the collection of data is normally phased in to 2 parts, where the first phase is directly conducted after the generation of items and the second after purifying the measures. This thesis utilised qualitative data collection for the first phase of data collection, and then followed it with quantitative data for the second phase. Even though this research depended extensively on quantitative data, qualitative data was utilised for the purpose of scale development and purification of items.

Within the academic business research, qualitative research might make an important contribution. Stoner and Holland (2004) explored how such research was placed within a larger framework for research methods covering the whole range from highly subjective to conventional positivistic methods. As such, the theory arises from the data by employing systematic methods of analysis whereby core categories or concepts are identified and their relationship with each other and the data clarified. An example of that is utilising on grounded theory which is a qualitative research method that uses a systematic set of procedures to develop and inductively derive grounded theory about a phenomenon, and involving an iterative reciprocal relationship between data collection, theory and analysis (Strauss and Corbin 1990: 24). In such instances, where the researcher systematically analyses data such as interview transcripts or documents, qualitative studies might be thought of as enhancers for science. By adding qualitative methods to quantitative ones, a better understanding of the meaning and implications of the findings is gained (Malterud 2001). Hence, this creates triangulation, which in turn increases confirmation, by improving the ability of researchers to draw conclusions from their studies and might result in a more robust, generalisable and complete set of findings (Hussein 2009).

For the purpose of this thesis, qualitative data is represented by in-depth interviews, a card sort exercise, and expert reviews. Undertaking this step was not purely intended for additional data collection. Nevertheless, it did act as an initial screening phase, and as a point of assurance that the defined construct and generated items matched the perceptions of a preliminary sample. Thus, qualitative methods did contribute to the next step of data purification.

### **6.3.5 In-depth Interviews**

At the beginning of the empirical research, semi-structured in-depth interviews were conducted with a sample of 15 respondents. The sample was chosen purposively to ensure that all participants had active bank accounts in the UK. Participants were asked to explain their quality expectations from banking services based on their experiences and prior transactions with banks. Despite that no additional items were added or removed, this step ensured that customers' perceptions of what comprises service excellence matched the generated items.

Also, stemming from a positivistic approach, the in-depth interviews were documented, and the number of item occurrences was counted. For example, items relating to the antecedent *Rates* were occurring more than other antecedents during the discussions, which indicated prioritising *Rates* according to the perceptions of most customers. The in-depth interviews lasted for around 15 minutes, and were followed by a card sort exercise.

### **6.3.6 Card Sort Exercise**

To further refine the item pool established from the literature, and similar to prior studies (see for example, French *et al.* 2007), a card sort method was utilised. Originally developed by Moore and Benbasat (1991), the card sort exercise was used

in this thesis to support construct validity by screening the developed item pool in relations to the research constructs.

This method depended on a panel of two experts to conduct a screening of the items, in relation to constructs to achieve construct validity. The two experts were faculty members recruited from the Department of Marketing and Advertising, at the Faculty of Business, Environment and Society at Coventry University. The general procedure for the card sort involved placing each item on a blank card, randomly sorting the cards, then requesting the respondents to place the cards in columns headed by the construct titles. In the first phase of the sorting process, experts were asked to determine construct identification, which included providing a label for each construct. Then, a trial sorting, using a set of simple items associated with the construct was used. Later, the same sample of 15 respondents who were previously interviewed, were requested to place each card of items on constructs they thought most strongly are relevant. Respondents were provided with an overview of the card sort exercise and a set of instructions on how to conduct the sorting. This exercise lasted for about 10 minutes.

The card sort provided an overview about customers' perceptions towards their banking services providers<sup>21</sup>.

### **6.3.7 Sampling and Time Horizon**

An important element in research is the choice of sample. Planning sample type and size is vital to produce representative research of the total population (Zikmund 2003). Sampling clarifies aims and objectives of the research, by improving statistical outcome and improving reliability. This is possible via possessing thorough

---

<sup>21</sup> The results and analysis are available in the Scale Development Chapter of this thesis, Chapter 7.

investigations of the phenomena of interest, which is in most cases not possible with a complete coverage (Deming 1990: 26). This step was not independently specified in Churchill (1979). Therefore, Rossiter's (2002) procedure was referred to where sampling corresponds with *rater identification*, according to Rossiter's procedure.

Sampling techniques could be probability based or non-probability based. With probability based sampling, every element of the population has a known probability of being included in the sample, whereas with non-probability sampling, we cannot specify the probability that each element will be included in the sample (Bryman and Bell 2007). For the construction of this thesis, non-probability sampling techniques were utilised. Specifically, purposive sampling was preferred over convenience sampling, in order to ensure that the sample is chosen based on judging suitability and appropriateness of the study, instead of accidental selection. Also, most sample members were asked to refer the researcher to additional points of contact, which embeds snowball sampling utilisation.

Drawing from a positivist approach and referring to the main purpose of this thesis, the population was the general retail banking customer base in the UK, and the perceptions of banking customers were assessed by surveying a sample of 260 UK banking customers. The sample was chosen through staff members and students at Coventry University. A business methods class of 80 students was approached where students were requested to hand the questionnaire to their parents or relatives for completion. Students were given instructions that the questionnaires should be completed by customers who have active accounts in any of the UK banks. In addition, each student was requested to complete a minimum of two questionnaires by their contacts. At the same time, the questionnaire was sent to university staff members for completion. For the size of the sample, Kline (2005) defined <100 as low, 100-200 as medium and > 200 as high samples. Hoe (2008) defined 200 as the critical sample size. Bearing in mind that sample size can influence the detection of significant differences, relationships or interactions (Peers 1996), the captured data set of 260 respondents, is considered high (Kline 2005), exceeds

the critical sample size limits (Hoe 2008), and at least exceeds the minimum recommended sample size of 200, for Structural Equation Modelling (Hair *et al.* 2006).

### 6.3.8 Measurement Instrument Design

Measurement instrument design is an essential step to ensure the systematic collection of quantitative data. However, the design and actual formation of the measurement instrument design was not directly tackled by Churchill (1979). Hence, this step preceded the distribution of pilot study and main questionnaire, by referring to a better reference for this particular step, namely Rossiter (2002).

The first part of the design required the combination of the items for the constructs, or as referred to by Rossiter (2002), *object* and *attribute* items. The items were phrased into questions, or the item *stem*, with alternative answers assigned to each item, or the item *leaf*. This step took into consideration the wording of the questions in a way that assures simplicity of the terms that would easily be interpreted by the respondents. The second part looked into selecting the appropriate rating scales, for the items. For this purpose, a numerical response format on a 5 point Likert Scale was used, (1) for *Strongly Disagree* and (5) for *Strongly Agree*. Likert scale was used because it is one of the most popular scales used in the marketing literature (Allen and Seaman 2007).

Before the distribution of the measurement instrument to the pilot raters, multiple items were randomised across the constructs, or object and attributes, to minimise response perception alterations of the obtained scores (Rossiter 2002).

### 6.3.9 Scale Purification- Pilot Survey

In order to assess the face and content validity and reliability of the questionnaire, a pre-test or pilot survey was conducted. The pilot questionnaire was distributed to respondents who have similar characteristics to this research sample. The time for completing the questionnaire was assessed, in addition that respondents were asked whether they encountered any difficulties while answering the questionnaire or not. In general, respondents replied that the questionnaire was easy to understand and that they faced no difficulties in answering the questionnaire. On the other hand, their feedback was considered by discarding unnecessary or any expected ambiguous questions for the main survey. Therefore, the questionnaire used in this thesis conforms to face validity and content validity.

Following this outcome, and as recommended by Churchill (1979), the survey was intended for reduction by investigating reliability. For this purpose, coefficient alpha and plotted item-to-total scale correlations for each construct were produced. Although no items were reduced due to the positive results of reliability testing, minor revisions were made to the questionnaire in the form of rephrasing some questions.

After analysing the results of the pilot study, and given a set of well-established items, where each construct is measured by a fairly compact set of indicators. The second phase of empirical research began by administering the main questionnaire. This took place from October 2010 until February 2011 in Coventry, U.K.

### 6.3.10 Data Collection- Quantitative Research

Quantitative methods focus on the strict quantification of data and on careful control of empirical variables. Historically, there has been a heavy emphasis on quantification in science. Sciences, such as mathematics, physics and chemistry lend themselves to quantifications, and are generally referred to as *hard*. Less quantifiable sciences such as the social sciences are referred to as *soft* (Guba and Lincoln 1994). Quantitative research often incorporates large scale sampling and the use of statistical procedures to examine group means and variances (Ponterotto and Grieger 1999). Quantitative studies stress the measurement and analysis of causal or correlational relationships between variables (Denzin and Lincoln 2000b).

Empirically, quantitative method is routinely depicted as an approach which applies a natural science, and in particular a positivist, approach even to social phenomena. This quantification of phenomena can be done to gain an overview of qualitative material, but the application of such numbers should be done with caution. Methods such as quasi-statistical analysis of textual material, also termed content analysis, has gained some popularity and computer programs are available to count the occurrence of specific words or in a text. Positivists are normally clustered into those employing quantitative methods in their research, typically pursuing *scientific*, or *modern* paradigms, and those avoiding quantitative rigor in favour of the more boundless *postmodern* perspective. For scientists the information technology revolution, putting computers on the desks of managers, researchers, academics and students alike, has afforded substantially increased opportunities to use the more sophisticated and advanced techniques. For the postmodern it has resulted in over-analysis of the un-analysable (Bryman 2011). Further, quantitative methods allow more consistency and application of fixed assessing criteria. Positivists attempt to simulate, as closely as possible, such strict scientific methods and procedures where variables are carefully controlled or manipulated, and where the researcher's emotional or expectant stance on the problem under study is irrelevant.

For the purpose of this thesis, the quantitative methodology has several merits that made it favourable, given a positivist paradigm. One of the real strengths of quantitative methods is their ability to use smaller groups of people to make inferences about large groups, which would be extremely costly to study (Holton and Burnett 1997:71). Further, quantitative methods express reality in mathematical models, which easily express propositions by using formulas that focus on structural relationships. The usage of formulas makes it easy to predict and control. In addition, mathematical models bring about higher precision, accuracy and desired levels of quality (Sechrest 1992). Hence, this will lead to better accuracy and more valid knowledge (Guba and Lincoln 1994). This is in line with the academic services marketing domain, where even the most cursory survey will reveal a continuing polarisation between the modern and post-modern ends (Hussey and Hooly 1995). More than a decade ago, Hussey and Hooly (1995) observed that at a time when marketing academics were questioning the importance of quantitative skills relative to qualitative skills, and when the traditional paradigms were coming under increasing attack by postmodernist perspectives, practitioners, both researchers and managers, were embracing quantitative methods to a far greater extent than previously (Hussey and Hooly 1995).

#### **6.4 ANALYSIS OF QUANTITATIVE DATA**

Under positivism it is possible to utilise any of the suggested techniques grouped by Hussey and Hooly (1995), such as the following:

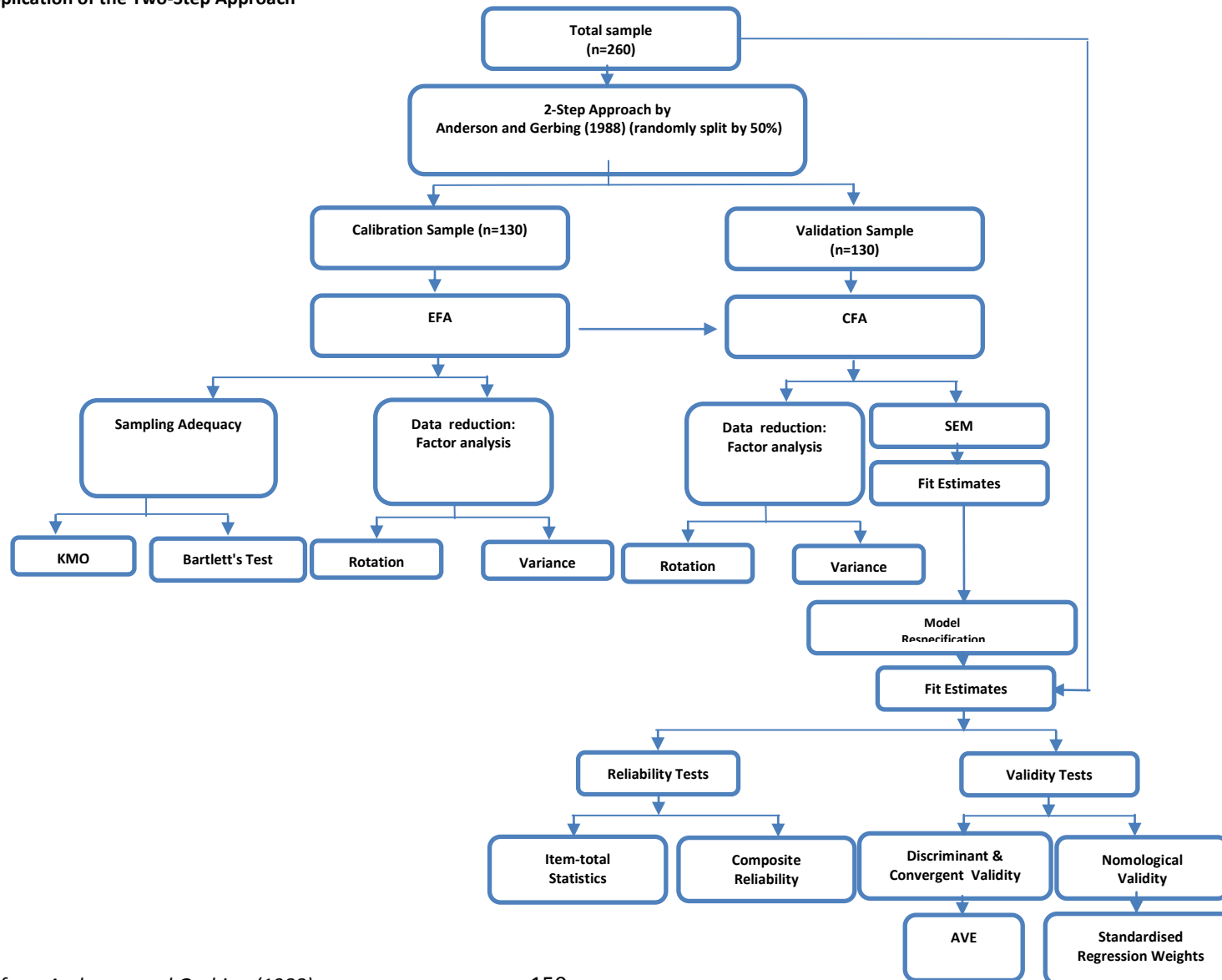
- Statistical significance tests.
- Graphical representation of data, summary statistics, frequency tables, cross-tabulations.
- Factor analysis, cluster analysis, multidimensional scaling (MDS), discriminant analysis and log-linear analysis.
- Two variable linear regression, multiple regression, exponential smoothing, ARIMA .



The purpose for selecting any of the previous techniques would be to reduce the possibility of subjectively-driven measurement criteria and to assist in the literature development, after testing research construct against validity and reliability (Remenyi *et al.* 1998).

The statistical properties that have been implemented in this thesis, followed a reflective measurement approach. This is because during the construction of the measurement model, the theory-driven conceptualisation of the measure is advised to reconcile with the desired statistical properties of the items comprising the measure (Diamantopoulos and Siguaw 2006). Therefore, conventional statistical proprieties and empirical testing were utilised, such as Structural Equation Modelling (SEM), testing of the measurement models using Confirmatory Factor Analysis (CFA), and reliability and validity of scale testing. SEM was selected instead of other multivariate methods such as multiple regression, and Partial Least Square (PLS), because of its comprehensiveness whereby it can extend its statistical efficiency and explanatory ability (Hair *et al.* 2006). Moreover SEM has a powerful utility in establishing measurement models and structural models (Cheng 2001). In addition, SEM has extreme benefits of model fitting (Barrett 2007). The process of applying the quantitative methods in this thesis is better demonstrated by the 2-step approach that was adopted based on Anderson and Gerbing (1988), *Figure 6-6* .

Figure 6-6: The Application of the Two-Step Approach



Source: Adapted from Anderson and Gerbing (1988)

A Two-Step approach was used in this thesis instead of the traditional one step approach, in order to minimise interpretational confounding (Anderson and Gerbing 1988). Interpersonal confounding emerges when a different meaning is assigned to an unobserved parameters, other than the meanings assigned to it by an individual, a priori to estimating unknown parameters (Burt 1976 in Anderson and Gerbing 1988: 418). Interpersonal confounding is also possible to detect given un-dimensional measurement in a 2-step approach (Anderson and Gerbing 1988). Oppositely to a one step approach, where interpretational confounding is usually hidden, and the attainment of meaningful interpretation of the constructs with the maximum possible fit is often jeopardised (Anderson and Gerbing 1988).

In this thesis, the total sample was divided into a calibration and a validation samples. The calibration sample was used to apply EFA, and the rest of the sample was used to validate the model with CFA. Although the larger the sample size the better, and given that estimation methods practically require larger sample sizes, guidelines on minimum sample size for the Two-Step approach split sampling have not been determined (Anderson and Gerbing 1988: 416). Therefore, the total sample (n=260) was split randomly with PSAW 18, into approximately 50%, which lead to two approximately equal samples (n=130).

After the sample was divided, practical application for factor analysis began. It would be too optimistic to assume that some measurement models might be accepted after the EFA stage of research. Because, in most of the of the measurement models, re-specification is required (Anderson and Gerbing 1988). Hence, the measurement model in this thesis had to be re-specified, taking into consideration the theoretical umbrella, and in line with convergent validity. This also led to minimising the number of alternative models which had to be investigated (Anderson and Gerbing 1988). Although distinguishing between EFA and CFA is not straightforward, it is still convenient to clarify some differences between the two approaches.

### 6.4.1 Exploratory Factor Analysis

An Exploratory Factor Analysis (EFA) was applied, during the scale development, as a reduction technique and for verifying the factor structure. EFA is normally applied when there is no prior specification of the number of factors and is exclusively exploratory (Anderson and Gerbing 1988: 412). Therefore, EFA was used to decide on the number of factors and variables to include. In order to ensure the appropriateness of the factor model and the sampling adequacy, Kaiser–Meyer–Olkin (KMO) measure was used with a recommended minimum value of .60 (Tabachnick and Fidell 2001), in addition to the Bartlett's test of Sphericity (Malhotra 2004).

Although there were many estimation procedures available to obtain parameter estimates and test statistics, the model estimation used in this thesis was Principal Components Analysis (PCA) method of extraction. Although maximum likelihood estimates appear to be robust against a moderate violation of multivariate normality, an issue is that standard errors and overall chi-square test statistic appear not to be (Anderson and Gerbing 1988). As Opposed to other techniques, such as Common Factors Analysis, PCA was deemed the most appropriate. PCA leads to minimum loss of information, and reduces the measured variables into a smaller set of composite components that capture as many variations as possible among the measured variables with a small number of components (Swanson and Holton 2005). Furthermore, PCA reduces the dimensionality for a set of direct measures (Swanson and Holton 2005).

Orthogonal rotation based on Varimax was used to maximise high and minimise low loadings, it also achieves the simplest likely structure by identification of each variable with a single factor (Rennie 1997). Additionally, Orthogonal rotation of items makes it easier to generalise the research findings (Rennie 1997). Additionally, a set of criteria was followed including: Eigen value higher than 1, factor

loadings higher than .40 (Hair *et al.* 2006) and a minimum of 3 significant loadings for each factor, which is considered sufficient to effectively represent most factors (Jöreskog and Sörbom 1993).

After removing items with poor psychometric properties, the remaining item loadings under each factor were subjected to reliability analysis, which was followed by additional CFA assessment.

#### **6.4.2 Confirmatory Factor Analyses**

Confirmatory factor analysis, specifies the posited relations of the observed variables to the underlying constructs, with the constructs allowed to inter-correlate freely (Anderson and Gerbing 1988: 414). The data analysis procedure for assessing factors structure in this thesis utilised on SEM. As opposed to traditional validation methods, such as EFA, SEM embeds CFA, which represents contemporary methods to establishing constructs validity (Segars 1997). SEM can be specified to examine measurement issues, to investigate structural relationships among variables or to accomplish both purposes (Baumgartner and Homburg 1996).

SEM has been chosen as a major validation method for this thesis to assess purposes, measurement and structural relationships. As such, SEM was preferred due to its usefulness in estimating the unobserved concepts and the ability to estimate multiple and interrelated dependence relationships (Hair *et al.* 2006). SEM was evaluated using AMOS 18.0 software. SEM started with the CFA procedure, which was intended for the measurement model testing. CFA was based on a validation sample (n=130), which was the second half of the total sample, extracted by splitting the total sample into 50%.

As part of CFA, conducting a preliminary descriptive statistical analysis was considered integral. This included missing data, scaling and outlier detection.

Investigating missing values across data revealed that the percentage of missing data across the data set was relatively small (.5-2.5%). Missing data from variables was handled by listwise deletion. This method was applied due to having a sufficient sample number (Howell 2008), which resulted in removing missing data from CFA. One of the major outcomes of CFA was estimating the goodness of fit of the measurement model, depending on several statistics, including the Root Mean Squared Error of Approximation (RMSEA), the adjusted chi-square test ( $\chi^2$  /degrees of freedom) and Comparative Fit Index (CFI). The CFA process was repeated 35 times, after which the final factor solution emerged, retaining 17 items in a 5 factor solution, with all factors exhibiting high coefficient alphas. The following step tested the proposed path model using the total sample, and validated the hypothesis by determining the path coefficients.

#### **6.4.3 Research Reliability**

Internal reliability focuses on the coherence of variables or assuring that all variables are measuring the same thing (Hardy and Bryman 2004). Several methods were used to assess reliability for this thesis: internal consistency reliability, item reliability and construct reliability. Using PASW 18.0 software, internal consistency reliability was tested based on Cronbach alpha ( $\alpha$ ) results, with a threshold reference value of above .7 (Pallant 2005). On the other side, if the level of alpha sharply increases when an item is deleted, that item should be excluded from the scale (Hardy and Bryman 2004).

Item reliability was measured by the Squared Multiple Correlation (SMC). According to this criterion, an item's reliability is considered acceptable with SMC values higher than .5, which is equal to standardised loading values higher than .7 (Byrne 2001; Holmes-Smith 2001). Coefficient alpha is definitely necessary to assess precision, but is insufficient (Rossiter 2002). Consequently, composite reliability was used to ensure construct reliability. Composite reliability was calculated according to

the formula suggested by Fornell and Larcker (1981), and was calculated during the reliability analysis of the final measurement instrument.

Reliability may be weakened if the data are not independent of unplanned circumstances under which they were gathered (Churchill and Peter 1984). Therefore, consistency of individual responses was checked in order to prevent any accidentally occurring incidents due to the respondent's lack of care, which may negatively affect the credibility of the responses.

#### **6.4.4 Research Validity**

Stemming from a positivist stance, internal validity, construct validity and external validity, in addition to reliability, are considered essential criteria for research quality (Chia 1997; Neuman 1997). Hence, the main methodological contributions of this research were assessed against research reliability and research validity, which are the most important criteria to assess a research (Remenyi *et al.* 1998). Undoubtedly, it is stressed that nothing in research is more important than validity (Bernard 2000). Validity refers to the correctness of operating the constructs which are used in the research project (Remenyi *et al.* 1998). From a scale development perspective, there are many types of validity to assess a research. The major validity types are discussed here based on relevance to this thesis.

Content validity is a priori evidence that the items are a good representation of the construct (Rossiter's 2002). This type of validity was necessarily assessed in this thesis during the scale development, following on the C-OAR-SE procedure by Rossiter (2002). Face validity is a post hoc evidence of content validity, which is only a basic step in assessing the validity. It includes checking the wordings of the items and the overall alignment with the literature. For the purpose of this research, expert judges were involved to comment on the wordings and the overall fit between the items, as recommended by Hardy and Bryman (2004). Construct validity

uses Multitrait-multimethod (MTMM). If it is properly established, construct validity becomes content validity. Further, high reliability and internal consistency are necessary conditions for a scale's construct validity (Nunnally 1978; Wang 2003). But, because this type of validity produces inconclusive evidence (Armstrong 2003), it was insufficient for this thesis. Therefore, based on the statistical specifications associated with reflective models, convergent, discriminant and nomological validities were examined.

Convergent validity refers to the set of values that presume to measure a construct (Kline 2005). Convergent validity is assessed based on average variances extracted (AVE) and factor loadings, where loadings  $\geq .05$  (Fornell and Larcker 1981), and AVE  $\geq .05$  are considered high results. The results of the CFA demonstrated reasonable support of validity. Fit statistics, the magnitudes of the standardised loadings, and t-tests values greater than twice their standard error (Anderson and Gerbing 1988), provided support for convergence of items with their respective underlying dimensions. In addition, by meeting acceptable levels of the (AVE), high levels of convergence among the items in measuring their respective constructs were secured (Gounaris and Dimitriadis 2003). Pair wise CFA of the dimensions was considered an indicator for the scale's discriminant validity (Anderson and Gerbing 1988), which measures the extent to which a latent variable is distinctive (Zickmund 2003). As for nomological validity, this was met in this thesis by conducting path analysis for hypothesis testing. The purpose being to check if the developed scale performs as expected with respect to some other constructs to which it was theoretically related (Churchill 1995).



## 6.5 ETHICAL CONSIDERATIONS

As it is the case for any academic business research, the issue of ethics was considered an essential obligation for this thesis (Hair *et al.* 2011). In order to ensure that this research touched upon all the related ethical principles, questions relating to the following areas were asked (Bell and Bryman 2007; Hair *et al.* 2011):

- Whether there is a lack of informed consent: participants were given as much information as might be needed to make an informed decision of whether or not they wish to participate in this research.
- Whether there is harm to the respondents: the purpose of this research is purely for academic purposes within the field of business studies. Therefore, this research did not entail any kind of physical harm, nor did the participation in this research involve future social or self-esteem harm.
- Whether there is an invasion of privacy: the respondents were assured that the details in the questionnaire would be dealt with confidentially. To facilitate accurate responses, anonymity was guaranteed to all customers, by a documented statement.
- Whether deception is involved. This research was purely free of any commercial or financial returns.

Questions related to the above issues, were also in tandem with pursuing ethical procedures followed at Coventry University. Also, in order to ensure objectivity and that data collection would be in an ethical manner, the task of executing the questionnaires was handed over to an independent expert team at the University.

The main questionnaire survey did not involve the collection of personal information from participants. No reference was made about the identity of participants, and reporting was only at an aggregated level. Only for classification purposes, demographic data such as age and gender were requested, and for

aggregated reporting, to highlight significant differences between groups. This research took into consideration that only respondents over the age of 18 were contacted. Additionally, when signing the information consent form, confidentiality issues were fully explained to respondents, and any questions were answered. Further, names of the participants were not collected. Instead, completed questionnaires were allocated codes for analysis purposes. In addition, the collected data was kept in a password protected folder. Subsequently, the ethical procedure at Coventry University was met and this thesis was ethically accepted.

## **6.6 CONCLUSION**

This chapter provided a detailed explanation of the research methods which were utilised in this thesis. The chapter discussed the methods and specific techniques, referring to the process of developing the research instrument.

Because both qualitative and quantitative methods of data were used to collect and analyse the data, the specific techniques which lie within each method were rationalised. The purpose was to select the best available techniques based on the objectives of this thesis. Another purpose was to understand the logic and best practices behind each selected technique. The research methods acted as a criteria to framework the research instrument and analysis of the results, taking into consideration research reliability and validity. Due to their importance, the basis for meeting research reliability and validity were delineated, and their empirical evidence is available in the next three chapters.

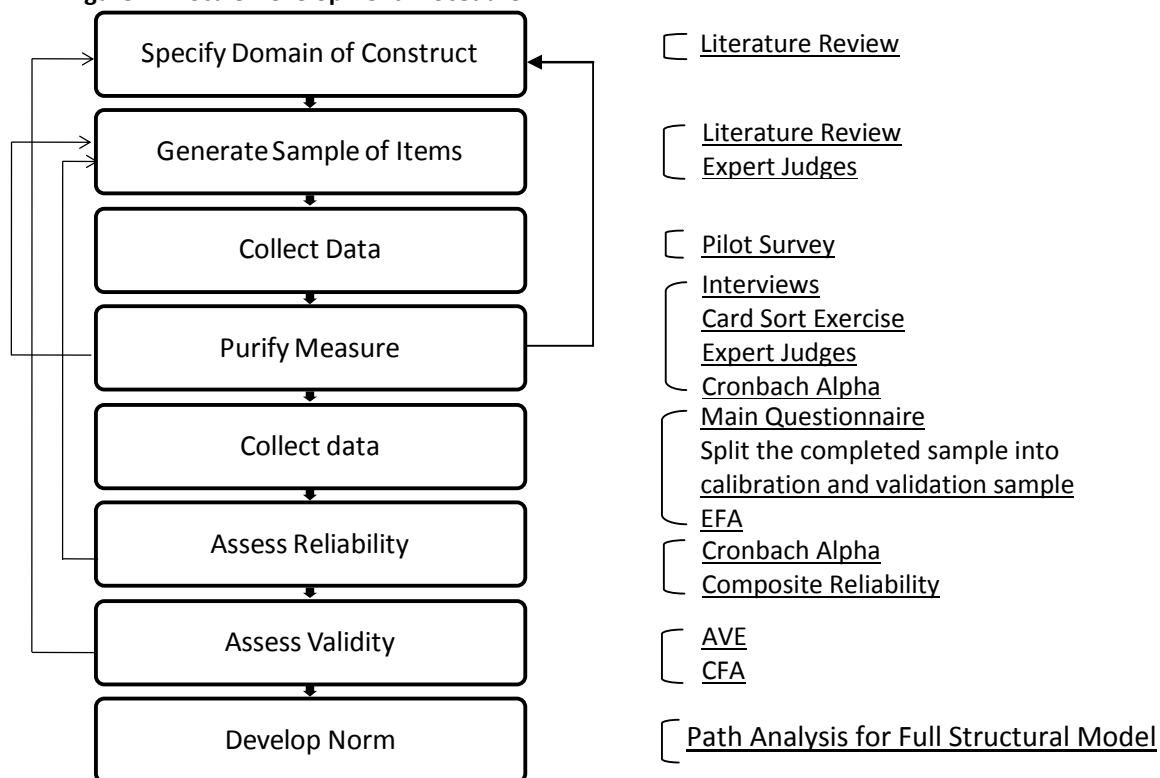
The chapter concluded with the ethical issues which this thesis considered. The main ethical considerations captured the confidentiality and integrity of this research. The attempts to ensure the highest standards of research ethics were briefed.

## 7 Scale Development

### 7.1 INTRODUCTION

The previous chapter discussed the theoretical background of the methods that were followed for scale development based on Churchill's (1979) and Rossiter's (2002) procedures. Stemming from a positivist philosophical stance, the general measurement model established for this thesis was defined and advocated, as a reflective measurement model. The literature review did not identify a comprehensive study that provides a model for measuring service excellence perceptions in the UK banking sector. Hence, as far as the author's knowledge no previously validated scale could be used for the purpose of this thesis. Therefore, it was deemed crucial to develop a measurement instrument, in accordance with the scale development procedures recommended by Churchill (1979), Anderson and Gerbing (1988), and Rossiter (2002), *Figure 7-1*. The purpose of this chapter is to demonstrate how the scale was structured.

**Figure 7-1: Scale Development Procedure**



*Source: Adapted from Churchill (1979); Anderson and Gerbing (1988); and Rossiter (2002)*

## 7.2 DOMAIN SPECIFICATION

Further to the domain specification of the construct, *Table 7-1*, the scale development proceeded with the exploration of the key relevant items. This was regarded as the base step for scale development process. Therefore, it engaged different sources to validate the generated items, including literature review, qualitative research, expert opinions, and card sort exercise.

At the beginning of this research, the items were extracted from the literature<sup>22</sup>. Then, the items were refined by two expert judges, in order to ensure precision and clarity for the sample being interviewed. The expert judges were involved in categorising the produced items across the construct and antecedents. Later, one-to-one interviews with retail banking customers in the UK were conducted<sup>23</sup>. This step included a discussion of what customers thought service excellence was which provided additional insights into customers' reasons for assessing excellence in their banks. Shortly after the interviews, a card sort exercise was employed to allocate the generated items across the related construct and antecedents. The card sort exercise assisted in ensuring that the constructs, antecedents and suggested items were consistent with the initial perceptions of banking customers. Customers were also inquired about whether any important elements for each category were missing. Later, the research instrument was piloted and then administered as the main questionnaire. The analysis of the pilot survey, which includes assessing the internal stability of the scale and the exploratory results, is recorded in this chapter.

---

<sup>22</sup> Refer to Appendix 1 for a complete list of the generated item pool.

<sup>23</sup> Refer to section 7.3.2 of this thesis for more details on the one-to-one qualitative interviews.

Table 7-1: Construct Definition

Variable	Definition	Source
<b>Service Excellence</b>	<ul style="list-style-type: none"> <li>The transformation of services to higher value, value perceived by the customer, through the influence of the people within it.</li> <li>Excellence is about being "easy to do business with" rather than necessarily exceeding expectations.</li> <li>Service excellence is the ability of the bank to continuously exceed customer's evaluations by adding value to their expected offerings.</li> </ul>	<p>Antonacopoulou and Kandampully (2000: 18)</p> <p>Johnston (2004: 313)</p> <p>The Author</p>
<b>Reputation</b>	<ul style="list-style-type: none"> <li>Stakeholder's overall evaluation of company overtime. This evaluation is based on the stakeholder's direct experiences with the company, any other form of communication and symbolism that provides information about the firm's actions and/or a comparison with the actions of other leading rivals.</li> <li>Perceptions created through past actions about intentions and norms.</li> <li>A perception regarding behaviour norms, which is held by others, based on experiences and observation of past action.</li> </ul>	<p>Gotsi and Wilson (2001: 29)</p> <p>Mui <i>et al.</i> (2002: 5)</p> <p>Liu and Issarny (2004: 50)</p>
<b>Rates</b>	<ul style="list-style-type: none"> <li>Customers' judgment about a service price.</li> <li>Adequately explaining service charges, with acceptable fees, competitive fees and clearly showing the service charges on statements.</li> </ul>	<p>Chen <i>et al.</i> (1994: 25)</p> <p>Al-Hawari <i>et al.</i> (2005: 8)</p>
<b>Innovation</b>	<ul style="list-style-type: none"> <li>an idea for a performance enhancement that customers perceive as offering a new benefit of sufficient appeal that it dramatically influences their behaviour, as well as the behaviour of competing companies.</li> <li>A firm's foresight to "think for the customer" by creating services that "drive" the marketplace offer superior value to the customer.</li> </ul>	<p>Berry <i>et al.</i> (2006: 56)</p> <p>Kandampully (2002: 19)</p>
<b>Technology</b>	<ul style="list-style-type: none"> <li>The quality of ATMs and the proper functioning of computerised systems.</li> <li>interactive, content-centred and internet-based customer service, driven by the customer and integrated with related organisational customer support process and technologies with the goal of strengthening the customer-service provider relationship</li> </ul>	<p>Karatepe <i>et al.</i> (2005: 376)</p> <p>Ruyter <i>et al.</i> (2001: 186)</p>

### 7.3 QUALITATIVE RESEARCH

This thesis was mainly driven towards the positivist end of the philosophical stance continuum; it was triangulated in the scale development stage, via integrating qualitative research. This is because qualitative research was an integral application for scale purification (Churchill's 1979). Qualitative research carried out in three coordinative steps:

- A panel of experts, for the purpose of assessing content and face validity.
- One to one interviews, which achieved concurrent and predictive-criterion validity.
- Card sort exercise by utilising responses from a simple sample, for the purpose of assessing of content validity.

#### 7.3.1 Expert Reviews

The initial stage of the scale development involved the creation of an item pool with reference to the literature. The 89 items were first reviewed by two experts from Coventry University<sup>24</sup>. This exercise engaged in-depth reviews of the literature and comparisons of the out-coming items. The items were clustered into the main defined antecedents which were set at the beginning of this thesis for the development of the hypothesis. Judges approached for this exercise were academic staff members in the Faculty of Business, Environment and Society from Coventry University. The refinement process by experts entailed item inclusion, item exclusion and item wording clarity. Such preliminary assessment by even a very small sample of moderately experienced judges was beneficial (Anderson and Gerbing 1991). Indeed, exploration by Maurer *et al.* (1991) proved that research using expert judges, needs fewer observations to achieve the same levels of reliability as research that does not employ expert judges. The outcome of this exercise resulted in

---

<sup>24</sup> The complete item pool with literature sources is available in Appendix 1.

selecting 28 items to undergo the scale purification process, based on removing duplicated items from the different literature sources, *Table 7-2*.

**Table 7-2: Item Pool Selected for Scale Development**

Item	Item Source
<b>Service Excellence</b>	
1. My bank delivers the promise	Johnston (2004)
2. My bank makes service personal	Johnston (2004)
3. My bank goes the extra mile	Johnston (2004)
4. My bank deals well with problems	Johnston (2004)
5. My bank has the customer's best interests at heart	New Item-Expert Judges
<b>Reputation</b>	
6. My bank has excellent overall reputation/ corporate image.	Jones (2004)
7. My bank is a top competitor in its market.	Eberl and Schwaiger (2005)
8. My bank is recognised world-wide.	Eberl and Schwaiger (2005)
<b>Rates</b>	
9. My bank offers the lowest rates on loans.	Jones (2004)
10. My bank offers the highest rates on deposits.	Jones (2004)
11. My bank charges competitive fees.	Nguyen and LeBlanc (1998)
<b>Innovation</b>	
12. The new products that my bank offers meet our needs.	Athanassopoulos <i>et al.</i> 2001
13. At my bank, products are continually updated.	New Item-Expert Judges
14. My bank offers flexible products that meet my needs.	Athanassopoulos <i>et al.</i> 2001
15. My bank offers a wide product range.	Athanassopoulos <i>et al.</i> 2001
16. My bank provides reliable and effective remote banking services.	New Item-Expert Judges
<b>Excellent Employees</b>	
17. My bank's employees deal with requests promptly.	New Item- Interviews
18. My bank's employees can resolve complaints.	New Item- Expert Judges
19. My bank's employees are available.	New Item- Interviews
20. My bank's employees are accurate/ do not make errors.	Jones (2004)
21. My bank's employees are knowledgeable.	Athanassopoulos <i>et al.</i> (2001)
22. My bank's employees are polite/ friendly.	Jones (2004)
<b>Technology</b>	
23. My Bank's technology such as ATM locations and internet banking is secure.	Al Hawari and Ward (2006)
24. The technology at my bank is reliable and functions well.	Al Hawari and Ward (2006)
25. My Bank has a sufficient number of ATM.	Al Hawari and Ward (2006)
26. My bank provides conveniently available technology (such as ATM locations and internet banking information...etc.).	Al Hawari and Ward (2006)
27. My bank uses the most advanced and up to date technology.	Al Hawari and Ward (2006)
28. My Bank provides technology that is easy to use.	New Item- Expert Judges

Despite that the majority of the items were extracted from the literature, some items were developed and are tagged as new items in *Table 7-2*.

### **7.3.2 One-to-One Interviews**

As part of the qualitative research, one-to-one interviews with sample members and a card sort exercise were carried out. This step acted as an additional check to the initial stage of this thesis. Further, it was intended to increase the quality and validity of this research (Mazzocchi 2008). Further, with pre-arranged interviews applied to subjects who were perceived as trustworthy, the response rates were significantly high with interviews (Mazzocchi 2008: 55). Nevertheless, the number of the interviews was comparatively low because of the cost and time barriers associated with interviews.

Firstly, interviews were conducted with a simple convenience sample represented by 15 banking customers in the UK, , who were inquired prior to the interview about their general banking activities such as whether they hold bank accounts in the UK, how many banks they deal with, and other semi-structured opening questions. This ensured that the selected interviewees relevantly matched the purpose of this research. During the interviews, respondents were requested to discuss what they thought an excellent service in the UK banks was, and what they thought would determine it. Then, comments from respondents were discussed and documented. Table 7-3 records relevant comments.



**Table 7-3: Some Comments from Interviews with UK Banking Customers**

<b>Comment</b>	<b>General Theme</b>
<i>"Service excellence means quick and efficient service with no long queues. The bank is sympathetic with its people as it does not charge you if you spend more than your limit, it is also not quick to penalise in overdraft charges" (38 year old male)</i>	<ul style="list-style-type: none"> <li>▪ Prompt Services</li> <li>▪ Rates/ Charges</li> </ul>
<i>"Excellent banks pick and choose their customers, look after customers in terms of discounts, charges, higher interest on deposit, and provide different product options such as interest free bonds for Islamic banking." (50 year old female)</i>	<ul style="list-style-type: none"> <li>▪ Rates/ Charges</li> <li>▪ Product Innovation</li> </ul>
<i>"Service excellence means being serviced promptly, dealing with friendly employees and having regular feedback" (51 year old male).</i>	<ul style="list-style-type: none"> <li>▪ Prompt Services</li> <li>▪ Friendly Employees</li> </ul>
<i>"No queue, prompt service, enough number of tellers with a separate information desk, gives higher interest rate on deposit, more trustful to their customers, upgraded accounts and services for customers that have been with them for a long time, even before asking their customer, provide many products such as mortgage, loans and insurance." (32 year old female)</i>	<ul style="list-style-type: none"> <li>▪ Prompt Services</li> <li>▪ Rates/ Charges</li> <li>▪ Trust</li> <li>▪ Product Innovation</li> </ul>
<i>"Service excellence is about never being late in processing the service. It also means meeting promises." (34 year old male)</i>	<ul style="list-style-type: none"> <li>▪ Prompt Services</li> <li>▪ Meeting Promises</li> </ul>
<i>"An excellent bank provides competitive interest rates as promised, with special interest rate offers to those customers that have opened there accounts for a long time" (33 year old male)</i>	<ul style="list-style-type: none"> <li>▪ Rates/ Charges</li> <li>▪ Meeting Promises</li> </ul>

Source: The Author

It was noted from the comments that customers had common grounds with the established literature, for example, "meeting promises" was repeated in the comments, where similarly the literature denoted that service excellence was about delivering the promises (Johnston 2004). Other comments highlighted items of some

antecedents of service excellence. For example, prompt service has often been emphasised in the comments, *Table 7-3*.

**Table 7-4: Interview Identified Items**

Identified Items from the interviews	Research Reference	Literature Reference
▪ Prompt Services	Interview/ Literature Review	Johnston (2004)
▪ Rates/Charges	Interview/ Literature Review	Nguyen and LeBlanc (1998) Jones (2004)
▪ Meeting Promises	Interview/ Literature Review	Johnston (2004)
▪ Product innovation (i.e. product variety and offering different options)	Interview/ Literature Review	Athanassopoulos <i>et al.</i> 2001

In general, the main topics that were repeated more than once in the comments as part of service excellence perceptions, *Table 7-4*, were the following:

- Prompt Services
- Rates/Charges
- Meeting promises
- Product innovation (i.e. product variety and offering different options)

### 7.3.3 Card Sort Exercise

This card sort exercise is a qualitative measure of construct reliability and validity which lacks specific quantitative guidelines for fit (Moore and Benbasat 1991). However, this method was useful in refining construct definition and item wording. As it highlighted items that were seemed less important from respondents perspective and was intended to check if there were any poorly worded, unintended or vague, items and constructs.

The card sort exercise incorporated the creation of a separate card for each item of the 28 suggested items, which were produced from the expert reviews. It was both convenient and complementary to have the same sample of interviewees for the card sort exercise. At the first instance, respondents were asked to place the item cards which they thought better describe one of the five corresponding antecedents over a matrix which mapped out all the hypothesised research antecedents. After completion, respondents were asked to rank the items in a descending order, according to which items they thought were most essential for each antecedent.

As part of attempting to enhance the validity of the qualitative research, respondents were given enough time to express their perceptions and thoughts, whereby respondents were given as much time as they required, with 15 minutes required on average by each respondent to complete the exercise. Additional time extensions were given to respondents who required further clarification and expression of the ideas. The cards were shuffled prior to each exercise, to ensure objectivity of the rankings.

This exercise helped confirm that there was a mutual understanding between some members of the sample and the generated item pool. On the basis of providing reliable understandings of meanings that subjects attach to behaviours and objects in qualitative research (Minichiello *et al.* 1995), undertaking this step

also attempted to ensure that no other relevant items were overlooked, which could have affected the validity or reliability of this research.

#### **7.3.4 Decision Rule for Inclusion of Items**

There are no specific quantitative guidelines for assessing card sort exercise (Moore and Benbasat 1991). Therefore, results from the card sort exercise were assessed based on the overall frequency of the ratings, indicating the general trend of perceptions, and also based on the frequency of ranking the cards as either first or second place, indicating the importance of perceptions. This was based on applying a decision rule to facilitate choosing the applicable scale items. A decision was made to include any item which had more than 1 frequency as positions 1 and two. In reverse, any item that scored less than two in the frequency positions 1 and 2 was eliminated from further validation.

#### **7.3.5 Items Relevant to Antecedents of Service Excellence**

According to results from the card sort exercise, scores were compared based on the antecedents and their reflected items.

##### *7.3.5.1 Rate Related Items*

Respondents perceived all the three suggested items in *Table 7-5* as relevant to *rates*. In addition, items were frequently positioned as either *first* or *second*. It appeared that *rates* with its accompanying items, was perceived by customers as a vital antecedent of service excellence. This was further supported by the comments from earlier conversation with the respondents, *Table 7-3*, where the antecedent *rates* was emphasised by many customers in several quotes.

**Table 7-5: Overall Rating of Rates**

	Frequency Positions 1 and 2	Frequency All 10 Responses Combined
1. My bank offers the lowest rates on loans.	6	9
2. My bank offers the highest rates on deposits.	6	8
3. My bank charges competitive fees.	4	8

### 7.3.5.2 Innovation Related Items

The generated item pool related five main items to innovation, from which only four were frequently positioned as either first or second, *Table 7-6*. “My bank offers a wide product range” did not seem to be highly prioritised by the majority of respondents. Therefore, it was excluded from the scale, based on the pre-defined decision rule.

**Table 7-6: Overall Rating of Innovation**

	Frequency Positions 1 and 2	Frequency All 10 Responses Combined
4. My bank provides reliable and effective remote banking services.	4	8
5. At my bank, products are continually updated.	6	8
6. My bank offers flexible products that meet my needs.	5	4
7. The new products that my bank offers meet my needs	4	4
8. My bank offers a wide product range.	1	2

### 7.3.5.3 Technology Related Items

Out of the six items presented to the respondents, *Table 7-7*, only four were deemed relevant for inclusion in the scale. Further, only one respondent prioritised “My Bank provides technology...that is easy to use”, and none prioritised “My bank uses the most advanced and up to date technology”. Hence, the two items which were not prioritised were excluded from the scale.

**Table 7-7: Overall Rating of Technology**

	Frequency Positions 1 and 2	Frequency All 10 Responses Combined
9. My Bank's technology such as ATM locations and internet banking is secure.	4	6
10. My Bank has a sufficient number of ATM.	3	6
11. The technology at my bank is reliable and functions well.	3	7
12. My bank provides conveniently available technology (such as ATM locations and internet banking information...etc.).	2	3
13. My Bank provides technology (such as ATM, telephone banking, and internet banking) that is easy to use.	1	3
14. My bank uses the most advanced and up to date technology.	0	2

### 7.3.5.4 Reputation Related Items

All the items associated with *reputation* in *Table 7-8*, were deemed appropriate for scale inclusion, based on applying the decision rule to the given result.

**Table 7-8: Overall Rating of Reputation**

Item	Frequency Positions 1 and 2	Frequency All 10 Responses Combined
15. My bank has excellent overall reputation/ corporate image.	5	9
16. My bank is recognised world-wide.	4	9
17. My bank is a top competitor in its market.	2	1

#### 7.3.5.5 Excellent Employees Related Items

With respect to *excellent employees*, all the six items appeared to be relevant, *Table 7-9*. Therefore, applying the decision resulted in qualifying all related items for measurement scale.

**Table 7-9: Overall Rating of Excellent Employees**

	Frequency Positions 1 and 2	Frequency All 10 Responses Combined
My bank's employees deal with requests promptly.	4	8
My bank's employees can resolve complaints.	4	9
My bank's employees are available.	3	6
My bank's employees are accurate/ do not make errors.	3	8
My bank's employees are knowledgeable.	3	8
My bank's employees are polite/ friendly.	2	9

#### 7.3.5.6 Items Relevant to Service Excellence

The items corresponding to the main construct of this thesis, which appeared to be relevant, were preliminarily six items. Johnston (2004) being the main source for *service excellence* items:

1. My bank delivers the promise.
2. My bank makes service personal
3. My bank goes the extra mile.
4. My bank deals well with problems.

In addition, it was understood from the interviews that providing services with sincere prioritisation of customers' interest from their perspective, was important in the eyes of customers in order to perceive their banks as excellent. Therefore, an additional item was considered essential to complete the previous items:

5. My bank has the customer's best interests at heart

This item per se (i.e. my bank has the customer's best interests at heart) was originally developed by Nguyen and LeBlanc (1998), to measure the mediating role of corporate image and customers' retention decisions within financial services.

**Table 7-10: Overall Rating of Service Excellence**

	<b>Frequency Positions 1 and 2</b>	<b>Frequency All 10 Responses Combined</b>
24. My bank has the customers best interests at heart	5	8
25. My bank delivers the promise	5	7
26. My bank deals well with problems.	3	4
27. My bank goes the extra mile.	1	1
28. My bank makes service personal	0	2

The end list of the research's main construct was comprised of four items only out of the originally suggested five items. This is because although "My bank



makes service personal” was a key suggested element proposed by Johnston (2004), respondents, did not consider this item highly prioritised, as illustrated in *Table 7-10*. Based on applying the decision rule for inclusion of items, this item was eliminated from additional consideration in the measurement instrument.

### **7.3.6 Summary of Item Ranking Exercise**

The item ranking exercise followed a triangulation stance in this thesis, by combining qualitative methods to the main quantitative methods. This was useful in generating a more robust basis for the scale. The card sort exercise, resulted in disqualifying four items from the initially generated item pool shown in *Table 7-2*. Therefore, the total items decreased from 28 to 24 items. The net items have been inputted in the scale as candidates for the main measurement instrument validation. Prior to that stage, a second round of scale purification pre-test was essentially applied via a pilot study. Results of the pilot study are discussed next.

## **7.4 ANALYSIS OF THE PILOT SURVEY**

The 5-point Likert scale which was developed for this thesis was piloted among a sample of 80 banking customers in the UK, during September 2010. Churchill (1979) recommends that purification of an instrument should start with the calculation of coefficient alphas. Also, being the general practice in the literature when developing scales within the service quality context (Ladhari 2010), Cronbach’s alpha coefficient  $\alpha$ , was calculated and assessed for the main construct, service excellence, as well as for all the five antecedents. Although it was sufficient to consider values which fell between 0.5 to 0.6 Nunnally (1978), or above .53 within the service quality literature (Al-Rayes 2006). Minimum Cronbach Alpha ( $\alpha$ ) values, in this thesis were all above the preferable .7 value (Pallant 2005; Hair *et al.* 2006).

Utilising on PASW 18.0<sup>25</sup> statistical software, the overall  $\alpha$  coefficient for the 24 items was calculated as .932, suggesting high overall internal consistency.

## 7.5 INTERNAL RELIABILITY OF MAIN RESEARCH CONSTRUCT

The overall assessment of Service Excellence items showed very good results, *Table 7-11*.

**Table 7-11: Overall Reliability of Service Excellence Items**

Cronbach's Alpha " $\alpha$ "	Number of Items
.803	4

Further, the results of the scale's mean if- item-deleted and the corrected item-to-total correlation indicated that "Bank goes the extra mile" was the most influential in the respondents' perceptions towards service excellence, *Table 7-12*. Also, the Cronbach's Alpha if Item Deleted indicated keeping all items as part of the scale. Otherwise, Cronbach Alpha would have been negatively impacted.

**Table 7-12: Item-Total Statistics**

Item	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
1. Has the customers best interests at heart	10.1013	5.554	.628	.651	.732
2. Delivers the promise they make	9.6709	6.531	.624	.675	.754
3. Deals with my problems	9.7215	5.998	.582	.698	.771
4. Bank goes the extra mile	10.1139	6.102	.660	.594	.750

Given the internal reliability results, all the service excellence construct items were kept as key components of the main research instrument.

<sup>25</sup> Formally known as SPSS

### 7.5.1 Internal Reliability of the Antecedents

Similarly to the internal reliability assessment for the main research construct of this thesis, reliability for the five anticipated antecedents of service excellence was investigated, *Table 7-13*.

**Table 7-13: Overall Reliability of Service Excellence Antecedents**

Antecedents	Cronbach's Alpha " $\alpha$ "	Number of Items
Reputation	.784	3
Rates	.774	3
Innovation	.820	4
Technology	.816	4
Excellent Employees	.874	6

The coefficient alphas ranged from .774 to .874 across the four antecedents, *Table 7-13*. This is considered an acceptable range, given Hair *et al.*'s (2006) and Pallant's (2005)  $>.7$  threshold.

**Table 7-14: Overall Reliability of Rates Item**

Cronbach's Alpha " $\alpha$ "	Number of Items
.774	3

The overall reliability analysis assessment for rates yielded a good Cronbach Alpha value equal to .774, *Table 7-14*.

**Table 7-15: Item-Total Statistics-Rates**

Item	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
5. Offers the lowest interest rates on loans	6.5256	2.876	.627	.407	.678
6. Offers highest rates on deposit accounts	6.5000	2.565	.645	.427	.654
7. Bank charges are competitive	6.2821	2.803	.559	.313	.750

The analysis indicated that “offers the lowest interest rates on loans” presents the most influential item for *rates*’ scale. Also, all the items related to *rates* were kept. This is because, reducing any of the items would have had a negative impact on the overall scale reliability based on the item-to-total statistics, *Table 7-15*.

**Table 7-16: Overall Reliability of Reputation Item**

Cronbach's Alpha “ $\alpha$ ”	Number of Items
.784	3

The analyses of *reputation* suggested acceptable reliability, based on Cronbach’s alpha, *Table 7-16*, which is supported by the next output in *Table 7-17*. Despite not producing highly acceptable values of squared multiple correlations, all items were retained due to the negative effect the deletion of any of the three items would have had on the scale’s Cronbach Alpha. Also, deleting any of the items would have left the scale with less than the recommended minimum of 3 items per factor in factor analysis (Jöreskog and Sörbom 1993), hence risking the overall validity of the scale. Also, the analysis indicated that the scale of *reputation* was mostly

influenced by “My bank is a top competitor in its market”, given the highest item-total correlation.

**Table 7-17: Item-Total Statistics-Reputation**

Item	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
8. My bank has excellent overall reputation/ corporate image.	6.5875	3.663	.738	.368	.600
9. My bank is a top competitor in its market.	6.8500	3.446	.607	.465	.730
10. My bank is recognised world-wide.	6.5125	3.772	.545	.323	.774

Reliability analysis for *innovation* scale yielded very good reliability measures in terms of Cronbach alpha, *Table 7-18*.

**Table 7-18: Overall Reliability of Innovation Item**

Cronbach's Alpha “ $\alpha$ ”	Number of Items
.820	4

A decision was made to keep all *innovation* items for the main questionnaire. This is because the item-to-total statistics indicated that deleting any related items would have decreased the total scale reliability, with “At my bank, products are continually updated” possessing the highest influence on *innovation*, *Table 7-19*.

**Table 7-19: Item-Total Statistics-Innovation**

Item	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
11. Effective remote banking services	10.1558	6.002	.599	.382	.794
12. At my bank, products are continually updated.	10.3636	5.498	.716	.470	.738
13. My bank offers flexible products that meet my needs.	10.3636	5.945	.654	.441	.768
14. Bank's offers meet our needs	10.4156	6.272	.604	.463	.791

The overall reliability assessment of Technology resulted in good Cronbach's Alpha, *Table 7-20*.

**Table 7-20: Overall Reliability of Technology Item**

Cronbach's Alpha " $\alpha$ "	No. of Items
.816	4

**Table 7-21: Item-Total Statistics-Technology**

Item	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
15. My Bank's technology such as ATM locations and internet banking is secure.	10.8750	5.275	.659	.451	.757
16. The technology at my bank is reliable and functions well.	11.0250	5.670	.661	.443	.759
17. My Bank has a sufficient number of ATMs.	10.9375	5.249	.741	.456	.719
18. My bank provides conveniently available technology (such as ATM locations and internet banking ...etc.).	11.1500	5.749	.503	.323	.760

The item-total statistics in Table 7-21 revealed unfavourable results if any of the items were deleted. Therefore, all the items were kept for further research. My Bank has a sufficient number of ATMs.” possessed the highest positive impact on *technology* scale.

**Table 7-22: Overall Reliability of Excellent Employees Item**

Cronbach's Alpha “ $\alpha$ ”	No. of Items
.874	6

The overall reliability of the Excellent Employees’ scale, *Table 7-23*, showed very good results. Further, a decision was made to keep all the items of *excellent employees*, because of the negative impact the deletion would have had on the scale’s reliability. Although “Employees are knowledgeable” would have increased

the reliability of the scale if it was deleted, a decision was made to keep this item, since the effect of increased reliability would have been negligible, compared to the potential lost validity the deletion of the item would have caused.

**Table 7-23: Item-Total Statistics-Excellent Employees**

	<b>Scale Mean if Item Deleted</b>	<b>Scale Variance if Item Deleted</b>	<b>Corrected Item-Total Correlation</b>	<b>Squared Multiple Correlation</b>	<b>Cronbach's Alpha if Item Deleted</b>
19. Employees deal with requests promptly	17.7436	15.830	.686	.468	.852
20. Employees resolve complaints	17.6795	14.896	.737	.465	.843
21. Employees are available to help me	17.6410	15.428	.697	.423	.850
22. Employees do not make errors	17.8077	14.469	.766	.414	.837
23. Employees are knowledgeable	17.7308	15.368	.540	.541	.881
24. Employees are polite/friendly	17.5513	15.419	.671	.527	.854

According to the reliability analysis of the pilot study, minor revisions were made. Scale development was regularly intervened by a panel of expert judges to explore the items. This included comparisons with the literature, verifying the wording of each item and ensuring simplicity without duplications, omissions or misplacement of items related to the research construct.

The validity of the multi-item scale was tested with the main questionnaire, which was administered to a larger representative sample of 260. The validation followed a Two-Step approach (Anderson and Gerbing 1988), and started with Exploratory Factor Analysis (EFA), which is explained in the next section.



## 7.6 EXPLORATORY FACTOR ANALYSIS

Both exploratory factor analysis (EFA) and confirmatory factor analysis were employed to assess common variance of constructs. Despite this similarity, EFA and CFA followed statistically distinct analyses methods. The goal of EFA was to determine factors based on data, while maximising the amount of variance explained (Suhr 2006). In EFA, it is not required to have exact hypotheses about the number of factors which will emerge, and what items or variables the factors will comprise (Suhr 2006). Despite that a preliminary set of hypotheses was determined at the beginning of this thesis<sup>26</sup>, it was not incorporated into EFA and did not affect the results of the statistical analyses. In contrast, CFA evaluated a priori hypotheses and was largely driven by theory. CFA analyses required hypothesising in advance, the number of factors, and assessing which items loaded and reflected which factors. In contrast to EFA, where all loadings are free to vary, CFA allows for the explicit constraint of certain loadings to be zero (Thompson 2004). During both EFA and CFA the scale variables were being under continuous assessment with 3 items deleted during EFA and 4 during CFA. The following sections explain in details EFA. The discussion proceeds in Chapter 9 for the CFA details.

### 7.6.1 Sampling Appropriateness

Prior to EFA, sampling appropriateness was explored on the basis of the Kaiser–Meyer–Olkin (KMO) and Bartlett's test of Sphericity. The main sample was randomly split into half using PASW 18.0, with  $n = 130$  which was utilised as a calibration sample to further develop the scale. The output is exhibited in 7-24.

---

<sup>26</sup> Please see section 4.4 for research hypotheses.

**7-24: KMO and Bartlett's Test**

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.898
Bartlett's Test of Sphericity	Approx. Chi-Square	2214.912
	Df	378
	Sig.	.000

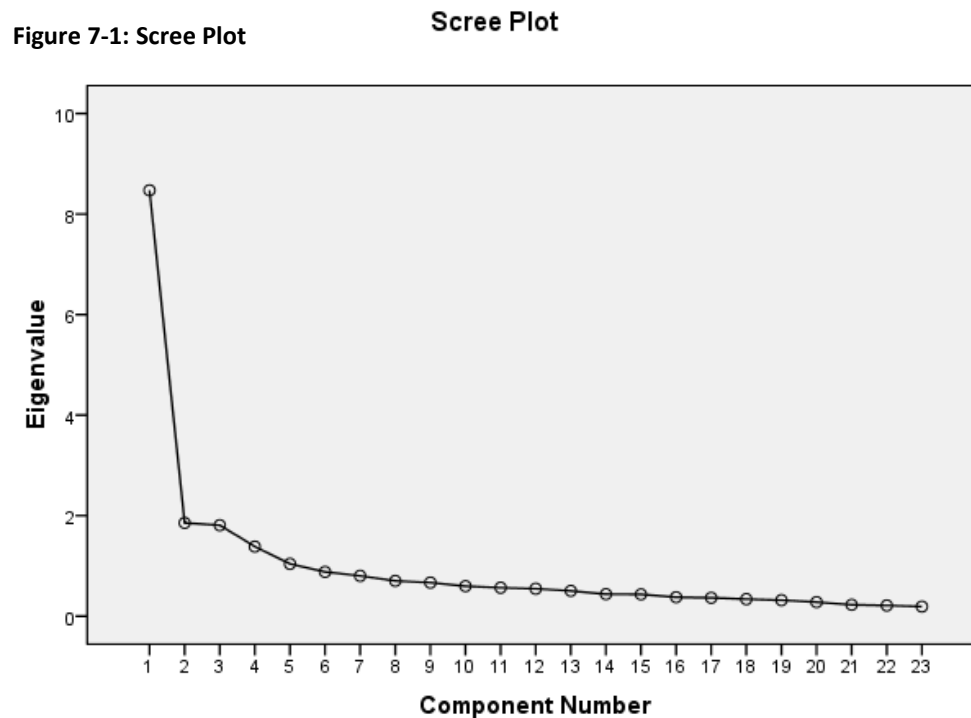
The results illustrated that the KMO measure exceeded the recommended minimum value of .60 (Tabachnick and Fidell 2001). In addition, the Bartlett's test of Sphericity, was significant ( $\chi^2 (2214) = 378, p=.000$ ) (Malhotra 2004).

Given that the minimum data for factor analysis was satisfied, a calibration sample was chosen (Anderson and Gerbing 1988). The calibration sample was chosen as the first half of the sample ( $n=130$ ), based on randomly splitting the total sample by approximately 50% and using PASW 18.0. Also, sampling adequacy, allowed EFA to proceed with examining the factor analysis of the 24 variables, by referring to several well-recognised criteria for the factorability of a correlation. Firstly, all 24 items correlated at least .40 with one other item, suggesting acceptable factorability (Hair *et al.* 2006). Secondly, the majority of the communalities were above .6 (MacCallum *et al.* 1999), which further confirmed that the items shared some common variance with other items. Also, the data was screened for univariate outliers and missing data was treated by applying listwise deletion. Given these overall indicators, factor analysis was conducted with the 24 items which were the outcome of the reliability pre-test. The method used for factor analysis was Principal Components Analysis (PCA), which was selected because the primary purpose was to identify and compute composite coping scores for the factors. In addition, PCA leads to minimum loss of information (ten Berge 1995; Costello and Osborne 2005). Another reason was that within the context of quality, PCA with varimax rotation has much been a preferred option to validate factors (Ngai and Cheng 1997).

The amount of variance between variables was explained by the initial Eigen values. Eigen values showed that the first factor explained 37% of the variance, the

second factor 8.49% of the variance, the third factor 6.87% of the variance, the fourth factor 6.01% of the variance, the fifth factor 4.27% of the variance and the sixth factor 3.75% of the variance. The fourth, fifth and sixth factors had Eigen values of just over one.

The Eigen values were arranged in a scree plot in descending order in graph *Figure 7-1*.



The idea behind the scree plot is to select the factor data points which are above the break where the curve flattens out. However, sole dependence on the scree graph might have led to a subjective decision (Netemeyer *et al.* 2003). Therefore, the decision to retain and rotate particular items had to be based on other supportive criteria. First, the Eigen values, which were all above 1 (Kaiser 1960), second, the total variance of factors extracted, which was above the recommended 50-60% of variance explained (Hair *et al.* 2006).

As for the rotation techniques, Varimax rotation of the factor loading matrix was selected because, it simplifies the assumption of orthogonality, and it provides

better interpretation (Nunnaley and Bernstein 1994). Also, orthogonal rotation based on Varimax maximises high and minimises low loadings. Further, it achieves the simplest likely structure by identification of each variable with a single factor (Rennie 1997). As such, Varimax rotation is much recommended as the standard factor rotation method (Budaev 2010).

**Table 7-25: Rotated Component Matrix, Calibration Sample (n=130)**

	Component						Communalities
	1SE	2INN	3REP	4TECH	5RATE	6EE	
1. My bank's employees are always available.	.771						.700
2. My bank delivers the promise.	.715						.673
3. My bank's employees are polite/ friendly.	.685						.647
4. My bank's employees are accurate/ do not make errors.	.613						.703
5. My bank's employees deal with requests promptly.	.603						.614
6. My bank offers flexible products that meet my needs.		.603					.599
7. My bank has the customer's best interests at heart.		.565					.610
8. My bank deals well with problems.		.505					.502
9. At my bank, products are continually updated.		.409					.477
10. The new products that my bank offers meet our needs.			.719				.632
11. My bank is recognised world-wide.			.665				.659
12. My bank has excellent overall reputation/ corporate image.			.569				.611
13. My Bank's technology, such as ATM locations and internet banking, is secure.				.808			.751
14. My bank has a sufficient number of ATMs.				.742			.778
15. My Bank is a top competitor				.690			.721
16. My bank provides reliable and effective remote banking services.				.478			.588
17. My bank offers the lowest rates on loans.					.816		.707
18. My bank offers the highest rates on deposits.					.752		.651
19. My bank charges competitive fees.					.580		.587
20. My bank's employees are knowledgeable.						.881	.831
21. My bank provides conveniently available technology (such as ATM locations and internet banking information...etc.).	.312		.496	.433			.583
22. My bank goes the extra mile.	.481		.406		.466		.645
23. My bank's employees can resolve complaints.	.567	.550					.686
24. The technology at my bank is reliable and functions well.			.315	.614			.651
<b>Eigen Value</b>	10.634	2.379	1.925	1.683	1.196	1.051	
<b>% of Variance</b>	37.98%	8.49%	6.87%	6.01%	4.27%	3.75%	

An overall look at *Table 7-25* reveals that the majority of items had primary loadings over .5 and four items had cross-loadings above .3. Also, only one item loaded on factor 6 which was originally labelled as Excellent Employees (6EE). There were four available options to re-specify indicators that have not "worked out as planned" (Anderson and Gerbing 1988: 417).

1. Relate the indicator to a different factor
2. Delete the indicator from the model
3. Relate the indicator to multiple factors
4. Use correlated measurement errors

The first two ways normally preserve the potential to have un-dimensional measurement and are more desired because of this. Contrary, the last two ways do not ascertain un-dimensionality, thereby confusing the meaning of the estimated underlying constructs (Anderson and Gerbing 1988: 417). Therefore, a decision was made to apply the first point which recommends relating the indicator to a different factor. This entailed merging 6EE items with the factor labelled (1SE) or SE, because most 6EE items loaded highly on 1SE. Another reason for this step was that the practice of merging factors produces a robust factor, especially when a factor has only one or two items with other factors (Hair *et al.* 2006).

Also, this decision was aided with the literature background. Based on the theoretically identified items for the main construct and based on theory, only one of the anticipated items loaded significantly on 1SE, specifically, "My bank delivers the promise". Adding to this, "My bank's employees deal with requests promptly", "My bank's employees are always available", "My bank's employees are polite/friendly" and "My bank's employees are accurate/ do not make errors", which all had high loadings on 1SE instead of the initial theory based expectations that they load on 6EE. This is another reason that suggested merging the 6EE related factors with 1SE.

In addition, the items “My bank has the customer’s best interests at heart”, “My bank deals well with problems.”, “At my bank products are continually updated”, “My bank offers flexible products that meet my needs”, and “My bank provides reliable and effective remote banking services” loaded highly on factor 2 which was accordingly labelled (2INNV) referring to *innovation*.

Because it loaded highly on factor 3, which was later labelled (3REP), “The new products that my bank offers meet our needs” was re-specified to that factor instead of being originally anticipated as one of the Innovation antecedent items, from a theoretical perspective. In addition, the following items loaded highly on factor 3, specifically “My bank is recognised worldwide” and “My bank has overall reputation/ corporate image”.

Further, the items “My bank’s technology...is secure”, “My bank has a sufficient number of ATM’s”, and “My bank provides reliable and effective remote banking services”, loaded highly on factor 4. Although “The technology at my bank is reliable and functions well” cross loaded on factors 3 and 4, it had an initial good loading on factor 4, and thus this item was retained. Factor 4 was later labelled (4TECH) referring to Technology.

Finally, Factor 5 embedded items relating to Rates, particularly, “My bank offers the lowest rates on loans”, “My bank charges competitive fees” and “My bank offers the highest rates on deposits”, which all had significant loadings on this factor, which was later labelled as 5RATE.

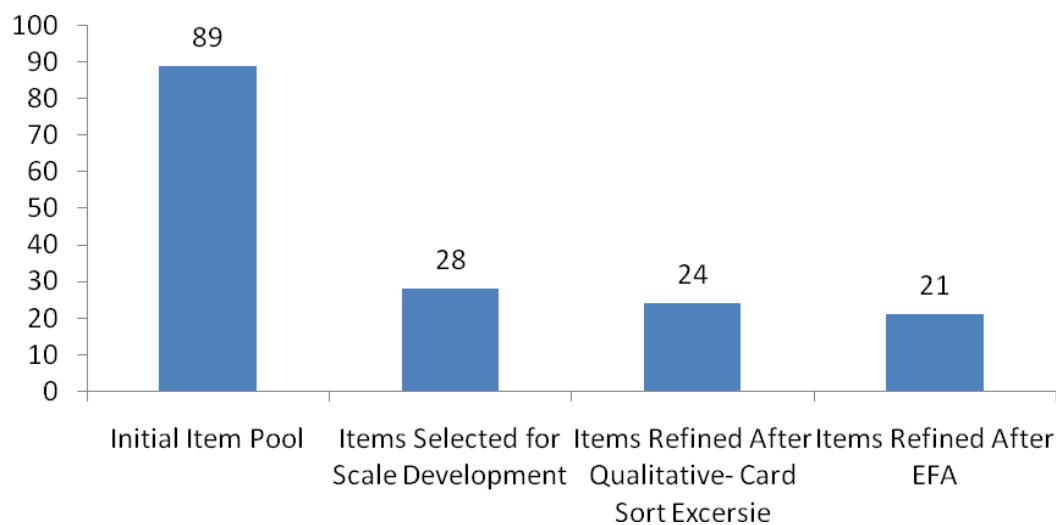
During several steps, a total of three items were eliminated because they did not contribute to a simple factor structure and failed to meet a minimum criteria of having no cross-loading of .3 or above (Tabachnick and Fidell 2001). The item “My bank provides conveniently available technology...” had factor loadings between .3

and .4 on 1SE, 3REP and 4TECH. The item “My bank goes the extra mile” had factor loadings between .40 and .48 on 1SE, 3REP and 5RATE. “My bank’s employees can resolve complaints” was also eliminated due to exhibiting cross loadings of above .5 on 1SE and 2INN.

To sum, among the six factors, the first five factors were retained because the sixth factor had only one loading on it. Each of the retained factors had at least three substantial loadings (Zwick and Velicer 1986) suggesting a well specified model. The five retained factors accounted for around 64% of the total variance and an overall consent with the expected factor structure.

*Figure 7-2* summarises how the items evolved during the several steps of scale development.

**Figure 7-2: The Development Stages of the Items in this Thesis**



According to EFA results, the refined 21 items were ready to undergo CFA for model verification, which is discussed in Chapter Nine of this thesis.



## 7.7 CONCLUSION

The purpose of this chapter was to develop the main research instrument of this thesis. The chapter explored the development stages of the scale, by going through a purification process composed of four phases starting from aligning the items with the literature, followed by card sort exercise, then pre-test pilot study and ending with exploratory factor analysis.

After generating an item pool from the established literature, responses from the card sort exercise were used to purify the measures and to provide an initial examination of the scale's developed item pool. This phase resulted in reducing the number of items from 28 into 24.

The second phase of the scale purification was based on conducting a pilot survey, with a total sample of 80 approachable respondents. Results were analysed, by examining Cronbach's alpha. On that basis, the main construct of this research with its accompanying antecedents demonstrated acceptable reliability results.

The third phase of the scale purification was an EFA. Due to the required sample size to conduct such an analysis, requiring not less than 100 respondents (Hair *et al.* 2006), a calibration sample was extracted from the total sample size of 260. EFA resulted in reducing the total number of factors from 6 to 5, and reducing the items from 24 to 21. Also, out of the initially suggested 8 new items which were added to the body of the literature, 7 items were kept as new additions to the literature at the end of EFA. The next chapter discusses the second step of data validation through CFA and presents the full structural model.

## 8 Descriptive Findings

### 8.1 INTRODUCTION

This chapter presents a range of descriptive statistics which were obtained during the data collection phase of this thesis, and as part of implementing the scale that was developed in Chapter Six of this thesis<sup>27</sup>. Hence, explaining the first set of the results by descriptive data analysis.

To begin with, the chapter reports the descriptive frequencies, including the demographical nature of the sample and the distribution of the data, for purposes of comparison. Then, the chapter presents the findings of the descriptive mean comparisons. Independent t-tests were conducted to assess if there were any significant differences between the variables. The structure followed for analysis and discussion was based on the type of services purchased from different banking providers. Each service provided was analysed based on the main demographic questions addressed in the main survey. Specifically, gender and length of relationship with main banking services provider. The chapter concludes with a comparative summary of the findings, which forms the baseline for the key empirical findings presented in Chapter Nine.

The structure of the comparison was detailed across the constructs, which were established as part of the scale development and reflected the scale's items. Although the items used in the questionnaire were initially 21, the items were later refined, which left the scale with 17 items only. The 17 items are coded according to *Table 8-1*:

---

<sup>27</sup> The analysis in this chapter is based on the application of the measurement model on a sample of 260 banking services customers.

**Table 8-1: Service Excellence Item Coding**

<b>No.</b>	<b>Code</b>	<b>Item</b>
1	SE1	Delivers the promise they make
2	SE2	Deals with my problems
3	SE3	Has the customers best interests at heart
4	SE4	Employees are knowledgeable
5	SE5	Employees deal with requests promptly
6	RA1	Offers highest rates on deposit accounts
7	RA2	Offers the lowest interest rates on loans
8	RA3	Bank charges are competitive
9	RE1	Bank's offers meet our needs
10	RE2	Overall an excellent reputation
11	RE3	Recognised worldwide
12	IN1	Products are continually updated
13	IN2	Bank provides reliable and effective remote banking services
14	IN3	Flexible products that meet my needs
15	TE1	Bank's technology is secure
16	TE2	Technology is reliable and functions well
17	TE3	Sufficient number of ATMs

## 8.2 DATA PREPARATION AND SCREENING

Before the descriptive analysis took place, data had to be prepared to check for accuracy. Answers were checked if they were legible or readable, and that important questions were answered. Then, data was screened to check if there were any out of range variables. Extreme values which might have had influenced the data negatively, were deleted (Tabachnick and Fidell 2007). This step helped in ensuring the overall quality in subsequent analysis.

### 8.2.1 Missing Data

Investigating missing values across data revealed that the percentage of missing data was relatively small (.5-2.5%). Missing data from variables were handled by listwise deletion via PASW 18.0. This method was applied due to having a sufficient sample number (Howell 2008).

### 8.2.2 Data Normality and Outliers

Outliers are observations or subsets of observations which appear to be inconsistent with the remainder of the data (Barnett and Lewis 1994:7). Recent discussions of SEM have placed increased emphasis on such important issues as outlier detection and assessment of normality, through univariate and multivariate tests of normality. For this purpose, skewness and kurtosis of the observed variables were used, based on the recommendations of many scholars (For example, Bollen 1989; Baumgartner and Homburg 1996; Hair *et al.* 2006).

**Table 8-2: Data Normality and Outliers**

	Minimum	Maximum	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Std. Errr	Statistic	Std. Error
SE1	1.00	5.00	-.324	.153	-.032	.304
SE2	1.00	5.00	-.569	.152	-.169	.303
SE3	1.00	5.00	-.260	.152	-.416	.302
SE4	1.00	5.00	-.325	.152	-.033	.303
SE5	1.00	5.00	-.472	.152	-.012	.303
RA1	1.00	5.00	-.122	.152	.247	.303
RA2	1.00	5.00	-.011	.152	.289	.303
RA3	1.00	5.00	-.418	.153	.195	.304
REP1	1.00	5.00	-.359	.153	.245	.304
REP2	1.00	5.00	-.529	.153	.010	.304
REP3	1.00	5.00	-.602	.152	-.379	.303
INN2	1.00	5.00	-.726	.152	.332	.303
INN1	1.00	5.00	-.537	.152	.130	.303
INN3	1.00	5.00	-.429	.153	.223	.304
TEC1	1.00	5.00	-.892	.152	.599	.303
TEC2	1.00	5.00	-.671	.153	.455	.304
TEC3	1.00	5.00	-.603	.153	-.017	.304

Skewness values  $\leq 3$  suggested data normality (Kline 1998), and kurtosis values  $\leq 10$  also suggest data normality (Kline 1998). Further, no extreme values were identified, this was based on applying recommended values of standardised

residuals  $\leq 3.29$  (Tabachnick and Fidell 2007), and  $D^2/df \leq 4$  (Hair *et al.* 2006), at an alpha level of .001.

### 8.3 OVERALL SAMPLE CHARACTERISTIC FREQUENCIES

As mentioned earlier in Chapter Six, the sample for the main questionnaire of this research comprised of 500 respondents, from which a response rate of 52 % was obtained. This left the analysis with a final sample of 260 banking customers. Based on responses from the sampled customer base, *Table 8-3*, the data set used in this thesis, included 14 banking services institutions, operating in the UK.

#### 8.3.1 Characteristics of Banks in the Sample

**Table 8-3: Characteristics of Banks in the Sample**

Bank	Frequency	Percent	Valid Percent	Cumulative Percent
Alliance & Leicester Building Society	1	.4	.4	17.7
Barclays	27	10.4	10.4	28.1
Coventry Building Society	4	1.5	1.5	29.6
First Direct	3	1.2	1.2	30.8
Halifax	10	3.8	3.8	34.6
HSBC	53	20.4	20.4	55.0
Lloyds TSB	40	15.4	15.4	70.4
Nationwide	6	2.3	2.3	72.7
NatWest	39	15.0	15.0	87.7
Norwich and Peterborough	2	.8	.8	88.9
RBS	10	3.8	3.8	92.3
Santander	18	6.9	6.9	99.2
Standard Chartered	2	.8	.8	100.0
Missing	45	17.3	17.3	17.3
Total	260	100.0	100.0	

The related banking institutions can be classified into 2 different banking service providers as follows:

- Banks
  - Barclays
  - Halifax
  - First Direct
  - HSBC
  - Lloyds TSB
  - NatWest
  - Royal Bank of Scotland (RBS)
  - Santander
  - Standard Chartered
- Building Societies
  - Alliance & Leicester Building
  - Coventry Building Society
  - Nationwide
  - Norwich and Peterborough

As expected, the largest percentage of respondents represent accounts in HSBC bank, *Table 8-3*, the reason might be that HSBC has built up a major retail banking presence, in addition to its aggressive acquisitions series (Tschoegl 2005). The second largest segment of the sample is Lloyds TSB and Natwest. Lloyds TSB is the largest bank with the greatest number of branches in the UK, therefore, it is more likely that customers will be attracted to it (Fisher 2001). Building society customers present the least frequencies in the sample. Building society representation included Coventry Building Society, Nationwide, Norwich and Peterborough, Alliance & Leicester Building. Although Alliance & Leicester Building was fully incorporated with Santander in 2011 as part of an acquisition, the related data was treated independently for both banking providers (i.e. Santander and Alliance and Leicester Building), because the majority of data was gathered in the 4th quarter of 2010.

### 8.3.2 Type of Services Purchased From Main Bank

**Table 8-4: Type of Service Purchased From Main Bank**

Account Type	n
Current account	245
Savings	257
Loan	233
Credit	125
Mortgage	18
Life	2
Endowment	17
House	26
Car	31
Other	3
Unit	26
Pension	41

When respondents were asked to choose all types of services they have purchased from their main banks, results showed that they were interested in a varied range of banking products. *Table 8-4* represents the mix of services purchased from the respondents' main banks, with 99% of demand focused on saving accounts, 94% on current accounts and 90% on loan accounts. On the other hand, the least demanded banking services were life insurance, other services and endowment, with negligible percentages.

### 8.3.3 Reasons for Main Bank Choice

Another question, inquired about the intent of choosing the main banking services providers. This was divided into two parts: the first, inquired about the first reason for choosing the main banking provider, and the second, inquired about the second reason for choosing the main banking provider.

**Table 8-5: First Reason for Main Bank Choice**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Reputation	194	74.6	75.5	75.5
	Rates	45	17.3	17.5	93.0
	Innovation	6	2.3	2.3	95.3
	Technology	12	4.6	4.7	100.0
	Total	257	98.8	100.0	
Missing	System	3	1.2		
Total		260	100.0		

The responses ranked *reputation* as the first reason for purchasing banking services. This was followed by *rates*, *technology* and *innovation*, *Table 8-5*.

**Table 8-6: Second Reason for Main Bank Choice**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Reputation	133	51.2	54.3	54.3
	Rates	59	22.7	24.1	78.4
	Innovation	14	5.4	5.7	84.1
	Technology	39	15.0	15.9	100.0
	Total	245	94.2	100.0	
Missing	System	15	5.8		
Total		260	100.0		

Inquiry about the second reason for choosing the main banking services providers, yielded similar results. Reputation was in the lead, followed by rates, technology, and innovation *Table 8-6*. Technology had higher scores in this question than innovation. As a general finding, although customers choose their main banking providers for many reasons, reputation is prioritised. Despite that differences in rates, for either savings or borrowings accounts, are normally minimal between competing banks, customers are concerned about whether they are getting competitive rates on savings or loans. This is because of the impact on their financial situation. In turn, customer satisfaction is likely to be influenced by the perceived competitiveness of the bank's interest rates (Levesque and McDougall 1996).



### 8.3.4 Gender of Sample Members

The sample was almost equally divided between females and males. More accurately, there was a marginally higher male frequency, *Table 8-7*.

**Table 8-7: Gender of Sample Members**

Gender		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	128	49.2	54.2	54.2
	female	108	41.5	45.8	100.0
	Total	236	90.8	100.0	
Missing	System	24	9.2		
Total		260	100.0		

### 8.3.5 Marital Status of Sample Members

Based on the Marital Status *Table 8-8*, more than half of the respondents were reported as *single*. The second biggest cluster was the *married*, with 37.9%, followed by the *divorced* and *other* reported marital status.

**Table 8-8: Marital Status**

Marital Status		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Married	89	34.2	37.9	37.9
	Single	122	46.9	51.9	89.8
	Divorced	16	6.2	6.8	96.6
	Other	8	3.1	3.4	100.0
	Total	235	90.4	100.0	
Missing	System	25	9.6		
Total		260	100.0		

### 8.3.6 Age of Sample Members

More than quarter of the sample was between the age of 18 and 24 years, *Table 8-9*. This was followed by 25 to 30 years and 41 to 45 years age bands. The smallest proportion of the sample consisted of respondents aged between 56 to 60 years old.

**Table 8-9: Age of Sample Members**

Age		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	18-24	69	26.5	29.1	29.1
	25-30	32	12.3	13.5	42.6
	31-35	27	10.4	11.4	54.0
	36-40	19	7.3	8.0	62.0
	41-45	28	10.8	11.8	73.8
	46-50	18	6.9	7.6	81.4
	51-55	18	6.9	7.6	89.0
	56-60	11	4.2	4.6	93.7
	over 60	15	5.8	6.3	100.0
	Total	237	91.2	100.0	
Missing	System	23	8.8		
Total		260	100.0		

### 8.3.7 Length of Relationship with Banks

The majority of respondents had 6 to 10 years of experience with their main banking services providers, *Table 8-10*. In turn, a small proportion of respondents had less than 1 year of experience, with only 5%.

**Table 8-10: Length of Relationship with Bank**

Length of Relationship with Bank		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Less than 1 year	13	5.0	5.0	5.0
	1-2 years	42	16.2	16.2	21.2
	3-5 years	43	16.5	16.5	37.7
	6-10 years	52	20.0	20.0	57.7
	11-15 years	37	14.2	14.2	71.9
	16-20 years	23	8.8	8.8	80.8
	21-25 years	29	11.2	11.2	91.9
	Over 26 years	21	8.1	8.1	100.0
Total		260	100.0	100.0	

## 8.4 DESCRIPTIVE ANALYSIS OF DATA

This section presents the means and standard deviations for all of the variables used in the conceptual models. ANOVA test was utilised to determine if there were any significant differences between the groups at the .05 alpha level. The median values for each of the variables, which were not reported, were close to the mean values. Mean scores for service excellence antecedents were within average levels observed in other studies (such as Bloemer *et al.* 1999).

### 8.4.1 Descriptive Comparison of Service Excellence Items

Service excellence scale scored a mean of 17.7 and a standard deviation of 4.8, *Table 8-11*.

**Table 8-11 Service Excellence Scale Statistics**

Mean	Variance	Std. Deviation	N of Items
17.7156	23.338	4.83095	5

**Table 8-12: Service Excellence Item Statistics**

	Mean	Std. Deviation	N
Delivers the promise they make	3.6606	2.88240	218
Deals with my problems	3.5367	.99817	218
Has the customers best interests at heart	3.2385	1.02861	218
Employees are knowledgeable	3.7294	1.69987	218
Employees deal with requests promptly	3.5505	.89532	218

Respondents rated “employees are knowledgeable” higher than all the other items within Service Excellence Scale, *Table 8-12*. Similarly, respondents rated “has the customers’ best interest at heart” with the lowest scores. It seems from the results that customers rate their banks based on utilising the knowledge of employees to deliver actions, rather than having intangible promises and interests at heart.

#### 8.4.2 Descriptive Comparison of Rates Items

The *rates* scale scored a mean of 9.7 and standard deviation of 2.09, *Table 8-13*.

**Table 8-13: Rates Scale Statistics**

Mean	Variance	Standard Deviation	Number of Items
9.7306	4.381	2.09314	3

Respondents perceived that “banks charges are competitive” is more important than “offers lowest interest rates on loans” or “offers highest rates on deposit accounts”, as illustrated in *Table 8-14*.

**Table 8-14: Rates Item Statistics**

	Mean	Std. Deviation	n
RA1: Offers the lowest interest rates on loans	3.1445	.84402	256
RA2: Offers highest rates on deposit accounts	3.1479	.87585	257
RA3: Bank charges are competitive	3.4196	.88758	255

### 8.4.3 Descriptive Comparison of Reputation Items

Reputation scale scored a mean of 11.0 and standard deviation of 2.20, as shown in *Table 8-15*.

**Table 8-15: Reputation Scale Statistics**

Mean	Variance	Std. Deviation	n of Items
11.0227	4.881	2.20924	3

**Table 8-16: Reputation Item Statistics**

	Mean	Std. Deviation	n
Bank's offers meet our needs	3.5136	.80228	220
Recognised worldwide	3.8273	1.03685	220
Overall an excellent reputation	3.6818	.89577	220

In terms of how customer's perceived the Reputation of their banks, most respondents thought that their bank being "recognised worldwide" is more important than the rest of the items, and that "Bank's offers meet our needs", is the least important. *Table 8-16* presents the findings.

#### 8.4.4 Descriptive Comparison of Innovation Items

Innovation scale scored a mean of 10.8 and standard deviation of 2.21, as shown in *Table 8-17*.

**Table 8-17: Innovation Scale Statistics**

Mean	Variance	Standard Deviation	Number of Items
10.8219	4.918	2.21758	3

**Table 8-18: Innovation Item Statistics**

	Mean	Std. Deviation	N
INN2: Bank is reliable	3.8320	.90267	256
INN1: Products are continually updated	3.5370	.94765	257
INN3: Flexible products that meet my needs	3.4549	.89450	255

With regards to innovation, *Table 8-18*, respondents cared in the first place about their banking services providers being “reliable”, as opposed to “Products are continually updated” and “Flexible products that meet my needs”.

#### 8.4.5 Descriptive Comparison of Technology Items

Technology scale scored a mean of 11.5 and standard deviation of 2.3, *Table 8-19*.

**Table 8-19: Technology Scale Statistics**

Mean	Variance	Std. Deviation	N of Items
11.5882	5.571	2.36021	3

**Table 8-20: Technology Item Statistics**

	Mean	Std. Deviation	N
TEC1: Bank's technology is secure	3.9219	.96698	256
TEC2: Effective remote banking services	3.7490	.94314	255
TEC3: Sufficient number of ATMs	3.8118	.95358	255

It is evident from the means in *Table 8-20*, that the *technology*-related item “Bank's technology is secure” is rated higher than the rest of *technology* items. All in all, *technology* items received the highest scores as opposed to the rest of *service excellence* antecedents.

#### **8.4.6 Summary of Sample Profile**

The mean scores ranged from 3.1 to 3.9, *Table 8-21*. Technology received the highest ratings based on customers responses, in particular “Bank’s technology is secure”, had the highest scores compared to the rest of items in the questionnaire. This was slightly followed by the other two *technology* items. An explanation might pertain to the ascending influence of technological precision within the UK banking sectors (Boulding *et al.* 2005). The results in *Table 8-21* are also linked to correlation and path significance findings, as explained in Chapter 9 of this thesis.

#### **8.4.7 Descriptive Analysis**

This section tests for the differences in the means of service excellence broken down by *rates*, *reputation*, *innovation* and *technology*, being the independent variables. Hence, a one-way ANOVA was applied to test for the differences among the 17 items of the questionnaire. The following explains post-hoc comparisons based on the type of services purchased.

Table 8-21: Overall Descriptive Combined

No.	Code		n	Mean	Standard Deviation
<b>Service Excellence</b>					
1	SE1	Delivers the promise they make	254	3.5	.891
2	SE2	Deals with my problems	257	3.5	1.026
3	SE3	Has the customers best interests at heart	258	3.3	1.021
4	SE4	Employees are knowledgeable	256	3.7	1.619
5	SE5	Employees deal with requests promptly	257	3.5	.944
<b>Rates</b>					
6	RA1	Offers highest rates on deposit accounts	257	3.1	.876
7	RA2	Offers the lowest interest rates on loans	256	3.1	.844
8	RA3	Bank charges are competitive	255	3.4	.888
<b>Reputation</b>					
9	RE1	Bank's offers meet our needs	255	3.5	.855
10	RE2	Overall an excellent reputation	255	3.7	.928
11	RE3	Recognised worldwide	256	3.8	1.075
<b>Innovation</b>					
12	IN1	Products are continually updated	257	3.5	.947
13	IN2	Bank is reliable	256	3.8	.902
14	IN3	Flexible products that meet my needs	255	3.4	.894
<b>Technology</b>					
15	TE1	Bank's technology is secure	256	3.9	.966
16	TE2	Effective remote banking services	255	3.7	.943
17	TE3	Sufficient number of ATMs	255	3.8	.953



### 8.4.8 Descriptive Analysis – Current Account

#### 8.4.8.1 Analysis by Gender

Based on the comparison of means by gender and current account, it appeared that females had similar mean scores across the majority of the scale constructs, *Table 8-22*.

**Table 8-22: Comparison of Means by Gender and Current Account**

	SE	RA	RE	IN	TE
Male	3.54	3.27	3.67	3.60	3.8
Female	3.58	3.3	3.7	3.73	3.9
Total	3.56	3.3	3.7	3.67	3.9

In addition, there were no significant differences between the groups, *Table 8-23*.

**Table 8-23: Analysis of Difference by Gender Current Account**

		Levene's Test for Equality of Variances		t	Df	Sig. (2-tailed)
		F	Sig			
SE	Equal variances assumed	2.46	0.27	-0.2	233.3	0.81
RA	Equal variances assumed	0.88	0.44	-0.4	233.3	0.48
RE	Equal variances assumed	1.07	0.38	-0.4	232.7	0.70
IN	Equal variances assumed	0.45	0.62	-0.6	233.0	0.57
TE	Equal variances assumed	2.08	0.59	-0.9	232.3	0.46

#### 8.4.8.2 Analysis by Length of Relationship with Bank

In general, comparing the means in Table 8-24 indicated that customers with less than 1 year of relationship with their banks had higher scores for current account services compared to other age groups. Also, there were significant differences within SE4, RA1, RE1 and IN1.

**Table 8-24: Comparison of Means by Length of Relationship- Current Account**

Length of relationship	SE	RA	RE	IN	TE
Less than 1 year	3.95	3.40	3.80	3.73	3.97
1-2 years	3.6	3.27	3.43	3.53	3.67
3-5 years	3.575	3.43	3.90	3.83	4.13
6-10 years	3.525	3.30	3.57	3.67	3.90
11-15 years	3.45	3.43	3.87	3.50	3.77
16-20 years	3.475	3.23	3.77	3.63	3.67
21-25 years	3.35	3.13	3.67	3.57	3.53
Over 26 years	3.425	2.83	3.77	3.70	4.17
F	1.05	1.53	1.57	1.00	1.63
Sig.	0.7	0.27	0.27	0.60	0.20

#### 8.4.9 Descriptive Analysis – Saving Account

##### 8.4.9.1 Analysis by Gender

The analysis of gender and saving account in Table 8-25 indicated that males had higher mean scores. There were no significant differences. Therefore, the independent samples outcome was not produced.

**Table 8-25: Comparison of Means by Gender and Saving Account**

Gender	SE	RA	RE	IN	TE
Male	3.62	3.30	3.83	3.70	3.90
Female	3.5	3.23	3.70	3.67	3.83
Total	3.56	3.27	3.73	3.67	3.87
F	1.04	0.67	0.93	0.30	0.53
Sig.	0.46	0.47	0.53	0.63	0.60

#### *8.4.9.2 Analysis by Length of Relationship with Bank*

Customers who have had their saving accounts for 11 to 15 years generally had higher scores, based on means, *Table 8-26* . Also, the differences between the groups revealed significant differences for 3 items, namely SE4, RA1 and RA2.

**Table 8-26: Comparison of Means by Length of Relationship- Saving Account**

Length of Relationship with main bank	SE	RA	RE	IN	TE
Less than 1 year	3.88	3.13	3.70	3.63	3.90
1-2 years	3.46	3.23	3.57	3.67	3.70
3-5 years	3.46	3.37	3.87	3.73	4.07
6-10 years	3.48	3.40	3.57	3.67	3.83
11-15 years	3.7	3.53	3.97	3.57	3.87
16-20 years	3.4	3.10	3.73	3.60	3.67
21-25 years	3.18	2.77	3.87	3.50	3.43
Over 26 years	3.48	2.73	3.60	3.60	4.17
Total	3.5	3.23	3.77	3.67	3.87
F	1.02	2.30	1.37	0.83	1.40
Sig.	0.62	0.10	0.23	0.67	0.30

### 8.4.10 Descriptive Analysis –Credit Card

#### 8.4.10.1 Analysis by Gender

The general pattern that was concluded from *Table 8-27* is that males generally had higher mean scores. The same table shows no significant differences within the constructs.

**Table 8-27: Comparison of Means by Gender and Credit Card**

Gender	SE	RA	RE	IN	TE
Male	3.6	3.37	3.70	3.67	3.87
Female	3.36	3.27	3.63	3.60	3.83
Total	3.48	3.30	3.70	3.67	3.87
F	2.52	1.30	0.10	0.07	0.17
Sig.	0.24	0.43	0.77	0.77	0.80

**Table 8-28: Analysis of Difference by Gender Credit Card**

	Levene's Test for Equality of Variances		t-test for Equality of Means						
	F	Sig.	T	Df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
								Lower	Upper
Equal variances assumed	4.610	.034	-1.054	114	.294	-.01818	.01726	-.05237	.01600
Equal variances not assumed			-1.000	54.000	.322	-.01818	.01818	-.05463	.01827

According to the preceding Table 8-28, there were significant differences between the groups.

#### 8.4.10.2 Analysis by Length of Relationship with Bank

Comparison of means by length of relationship with bank and credit card, *Table 8-29*, revealed that customers with five years relationship or less with their bank and credit card, generally had higher Service Excellence perceptions, than others with higher years of relationship with their banking services providers. It was also evident that no significant differences existed.

**Table 8-29: Comparison of Means by Length of Relationship- Credit Card**

Length of Relationship with main bank	SE	RA	RE	IN	TE
Less than 1 year	3.56	3.67	3.53	3.87	3.60
1-2 years	3.42	3.30	3.37	3.40	3.63
3-5 years	3.66	3.47	4.20	4.00	4.17
6-10 years	3.56	3.40	3.50	3.67	3.87
11-15 years	3.32	3.40	3.87	3.67	3.80
16-20 years	3.46	3.17	3.77	3.70	3.70
21-25 years	3.3	3.17	3.57	3.47	3.60
Over 26 years	3.28	3.00	3.73	3.47	4.20
Total	3.46	3.33	3.70	3.63	3.83
F	0.8	0.90	1.33	0.97	0.90
Sig.	0.6	0.60	0.27	0.50	0.53

#### 8.4.11 Descriptive Analysis –Loan

##### 8.4.11.1 Analysis by Gender

Comparison of means by gender and loan resulted in no particular pattern,

*Table 8-30*. Additionally, there were no significant differences between the groups. The independent samples by gender and loan were not produced.

**Table 8-30: Comparison of Means by Gender and Loan**

Gender	SE	RA	RE	IN	TE
Male	3.5	3.40	3.87	3.73	3.97
female	3.4	3.30	3.77	3.77	3.97
Total	3.44	3.37	3.80	3.73	3.97
F	0.18	0.77	0.53	0.07	0.37
Sig.	0.72	0.53	0.43	0.87	0.60

#### 8.4.11.2 Analysis by Length of Relationship with Bank

It appeared that customers with less than 1 year and those with 16 to 20 years of experience have higher mean scores by length of relationship with bank and loan *Table 8-31*. There was also a significant difference within RA2.

**Table 8-31: Comparison of Means by Length of Relationship with Bank- Loan**

Length of Relationship with main bank	SE	RA	RE	IN	TE
Less than 1 year	3.7	3.50	3.17	4.00	3.50
1-2 years	3.54	3.67	3.57	3.80	3.83
3-5 years	3.38	3.47	3.87	3.67	3.77
6-10 years	3.18	2.93	3.43	3.47	3.90
11-15 years	3.6	3.93	4.23	3.97	4.17
16-20 years	3.62	3.63	4.03	3.97	3.80
21-25 years	3.4	3.10	3.87	3.67	3.80
Over 26 years	3.52	3.00	4.03	3.73	4.20
Total	3.42	3.33	3.80	3.67	3.90
F	0.66	1.77	1.07	0.53	0.50
Sig.	0.74	0.10	0.43	0.77	0.83

### 8.4.12 Descriptive Analysis – House insurance

#### 8.4.12.1 Analysis by Gender

The mean comparisons by gender and house insurance, *Table 8-32*, indicated a fluctuating pattern across the scale. Besides, the independent samples table was not produced and there were no significant differences noted.

**Table 8-32: Comparison of Means by Gender and House Insurance**

Gender	SE	RA	RE	IN	TE
Male	3.5	3.40	3.83	3.73	3.93
Female	3.32	3.23	3.83	3.57	3.90
F	0.88	1.00	0.27	0.67	0.13
Sig.	0.52	0.43	0.63	0.63	0.80

#### 8.4.12.2 Analysis by Length of Relationship with Bank

The means based on Length of Relationship with Bank and House Insurance, *Table 8-33*, did not follow any particular pattern, in addition that no significant differences exist.

**Table 8-33: Comparison of Means by Length of Relationship- House Insurance**

Length of relationship with bank	SE	RA	RE	IN	TE
Less than 1 year	3.6	3.83	3.67	4.33	3.67
1-2 years	3.8	4.00	3.67	4.00	4.00
3-5 years	3.94	3.80	4.33	4.00	4.43
6-10 years	3.3	3.57	3.93	3.50	3.77
11-15 years	3.12	3.07	3.47	3.13	3.73
16-20 years	3.32	3.13	3.63	3.63	3.67
21-25 years	3.5	3.17	3.67	3.67	4.33
Over 26 years	3.68	3.03	4.17	3.87	4.47
Total	3.46	3.37	3.80	3.67	3.93
F	0.56	0.97	0.60	0.93	0.57
Sig.	0.76	0.53	0.77	0.50	0.70

#### **8.4.13 Descriptive Analysis –Car insurance**

##### *8.4.13.1 Analysis by Bank Name*

Customers from different banking services providers had varied opinions on which bank to perceive better, based on comparing means by banking services name and car insurance. *Table 8-34* shows no particular pattern. On the other hand, statistical significance was noted between groups in RA2 and RE1.



**Table 8-34: Comparison of Means by Bank Name and Car Insurance**

Bank name	SE	RA	RE	IN	TE
Halifax	4.2	2.33	3.67	4.00	4.33
HSBC	3.96	4.17	4.20	4.10	4.00
Lloyds TSB	3.7	3.00	4.33	4.17	3.67
Nationwide	3.6	4.33	4.33	3.67	4.00
Natwest	3	4.00	5.00	4.33	5.00
RBS	4	4.00	4.00	4.00	4.00
Santander	4.3	4.17	4.33	4.33	4.00
Total	3.88	3.90	4.20	4.03	3.93
F	0.58	1.43	1.87	0.83	0.93
Sig.	0.76	0.47	0.23	0.70	0.57

#### 8.4.13.2 Analysis by Gender

Despite comparing means by gender and car insurance did not produce any particular patterns, significant results did exist between groups within RA2 and RE1, *Table 8-35*. The Independent Samples table is not produced.

**Table 8-35: Comparison of Means by Gender and Car Insurance**

Gender	SE	RA	RE	IN	TE
Male	3.64	3.87	4.07	3.97	3.93
Female	4.08	3.87	4.30	4.17	4.00
Total	3.86	3.87	4.20	4.07	4.00
F	0.58	1.43	1.87	0.83	0.93
Sig.	0.76	0.47	0.23	0.70	0.57

#### 8.4.13.3 Analysis by Length of Relationship with Bank

The following, reveals that there were no considerable patterns for mean ratings by length of relationship with bank and car insurance, *Table 8-36*. However, there were significant differences within *rates* and *reputation*, which are noted in RA2 and RE1.

**Table 8-36: Comparison of Means by Length of Relationship- Car Insurance**

Length of Relationship with Bank	SE	RA	RE	IN	TE
Less than 1 year	3.8	3.67	3.67	4.33	3.67
1-2 years	4.25	4.33		3.50	4.00
3-5 years	3.92	4.00	4.57	4.27	4.33
6-10 years	3.9	4.83	4.17	4.33	4.50
11-15 years	3.96	4.03	4.37	3.87	3.87
16-20 years	3.68	3.57	4.23	4.00	3.47
21-25 years	4	4.00	4.00	4.00	4.00
Over 26 years	3.6	2.67	3.33	3.67	4.17
Total	3.88	3.90	4.20	4.03	3.93
F	0.46	2.17	1.83	0.67	1.37
Sig.	0.8	0.33	0.33	0.70	0.43

#### 8.4.14 Descriptive Analysis –Pension

##### 8.4.14.1 Analysis by Gender

Females had remarkably higher scores of service excellence perceptions by gender and pension, *Table 8-37*. Also, it was clear from the table that there were significant differences between the groups, within SE1, SE4 and SE5. This was also apparent within *reputation* and *technology* items RE2 and TE2. The independent samples table was not produced.

**Table 8-37: Comparison of Means by Gender and Pension**

Gender	SE	RA	RE	IN	TE
Male	3.2	3.1	3.6	3.6	3.9
Female	4.2	3.9	4.3	4.4	4.5
Total	3.6	3.4	3.8	3.8	4.1
F	6.1	3.9	3.3	2.5	2.5
Sig.	0.1	0.3	0.3	0.2	0.2

#### 8.4.14.2 Analysis by Length of Relationship with Bank

Based on comparing the means in *Table 8-38*, the conclusion that can be drawn is that respondents with 6 to 10 years of banking experience with their major banking services providers have better overall mean scores for service excellence. There were no significant differences between age groups by length of relationship with bank and pension.

**Table 8-38: Comparison of Means by Length of Relationship- Pension**

Length of Relationship with Bank	SE	RA	RE	IN	TE
1-2 years	4.3	4.5	4.2	3.7	3.9
3-5 years	3.8	3.6	4.0	4.1	4.6
6-10 years	4.2	3.8	4.4	4.9	5.0
11-15 years	3.3	3.4	3.9	3.8	4.0
16-20 years	3.8	3.6	4.3	4.3	3.9
21-25 years	3.1	2.6	3.1	3.5	3.6
Over 26 years	3.6	3.3	3.7	3.6	4.2
Total	3.6	3.4	3.8	3.9	4.1
F	0.7	0.9	1.1	1.0	1.7
Sig.	0.7	0.6	0.5	0.5	0.3

#### 8.4.15 Descriptive Analysis –Mortgage

##### 8.4.15.1 Analysis by Gender

In general, female respondents had more favourable perceptions towards excellence, than males, *Table 8-39*. In addition, there were no significant differences by gender and mortgage. Further, the *Independent Samples* table was not produced.

**Table 8-39: Comparison of Means by Gender and Mortgage**

Gender	SE	RA	RE	IN	TE
Male	3.6	3.4	3.6	3.7	3.7
Female	3.8	3.6	3.7	3.9	4.1
Total	3.7	3.5	3.7	3.8	3.9
F	2.5	1.3	1.0	0.3	0.2
Sig.	0.2	0.5	0.6	0.7	0.8

#### 8.4.15.2 Analysis by Length of Relationship with Bank

It was generally concluded that respondents with less than 10 years of relationship with their banking services providers had higher scores, indicating better perceptions of service excellence, *Table 8-40*. On the other hand, there were no significant differences between the groups by length of relationship with bank and mortgage. This means that customers' SE perceptions change in the long term, indicating that plans and decisions related to SE follow a strategic direction.

**Table 8-40: Comparison of Means by Length of Relationship- Mortgage**

Length of relationship with bank	SE	RA	RE	IN	TE
Less than 1 year	3.8	4.0	3.4	4.1	4.0
1-2 years	3.3	3.3	2.9	3.0	3.4
3-5 years	4.0	3.7	3.9	4.0	4.1
6-10 years	4.0	3.8	3.8	4.2	4.6
11-15 years	3.6	3.5	3.8	3.8	4.0
16-20 years	3.6	3.4	3.6	3.7	3.7
21-25 years	3.7	3.2	3.8	3.8	3.8
Over 26 years	3.8	3.5	3.6	3.8	4.1
Total	3.7	3.5	3.7	3.8	3.9
F	1.1	1.1	1.5	1.6	1.4
Sig.	0.5	0.5	0.3	0.2	0.3

### 8.4.16 Descriptive Analysis –Life Insurance

#### 8.4.16.1 Analysis by Gender

Comparison of means by gender and life insurance, *Table 8-41*, showed that the responses fluctuated between male and female, with no particular pattern. In addition, that no significant differences were produced. Also, the independent samples table was not produced.

**Table 8-41: Comparison of Means by Gender and Life Insurance**

Gender	SE	RA	RE	IN	TE
Male	3.7	3.5	3.8	3.9	3.9
Female	3.5	3.5	3.8	3.8	3.9
Total	3.6	3.5	3.8	3.8	3.9
F	0.7	0.4	0.2	0.3	0.4
Sig.	0.5	0.6	0.7	0.7	0.6

#### 8.4.16.2 Analysis by Length of Relationship with Bank

The general trend that was noted from comparing the means in *Table 8-42* was that respondents with less than 5 years of relationship with their banking service providers had better scores for life insurance service. Also, no significant differences were noted between the groups. The same observation in this type of account is repeated whereas shorter banking relationships yielded better SE perceptions, than relationships in the long-term.

**Table 8-42: Comparison of Means by Length of Relationship- Life Insurance**

Length of relationship with bank	SE	RA	RE	IN	TE
Less than 1 year	3.7	3.7	3.6	3.8	3.7
1-2 years	4.3	4.5	4.2	3.7	3.9
3-5 years	4.1	4.0	4.1	4.0	4.1
6-10 years	2.8	3.1	3.6	3.2	3.2
11-15 years	3.6	3.6	3.9	3.8	4.1
16-20 years	3.7	3.5	3.9	4.0	4.1
21-25 years	3.4	3.1	3.4	3.7	3.8
Total	3.7	3.6	3.8	3.8	3.9
F	1.3	1.5	1.1	1.2	1.3
Sig.	0.4	0.3	0.4	0.3	0.3

#### 8.4.17 Descriptive Analysis –Endowment

##### 8.4.17.1 Analysis by Gender

The comparison of means by gender and endowment, *Table 8-43*, generally produced similar results for both females and males, with occasional mean fluctuations between both categories. The same table indicates that there were no significant differences between females and males, and the independent samples table was not produced.

**Table 8-43: Comparison of Means by Gender and Endowment**

Gender	SE	RA	RE	IN	TE
Male	3.2	3.0	3.3	3.7	5.0
Female	3.7	3.0	3.3	3.7	4.3
F	0.2	N/A	0.3	0.3	0.3
Sig.	0.8	N/A	0.7	0.7	0.7

#### 8.4.17.2 Analysis by Length of Relationship with Bank

Given that there were only three different categories by length of relationship, the means by length of relationship and endowment were generally similar between all groups, *Table 8-44*. Besides, there were no apparent significant differences.

**Table 8-44 Comparison of Means by Length of Relationship- Endowment**

Length of Relationship with Bank	SE	RA	RE	IN	TE
3-5 years	4.6	3.0	3.7	3.7	4.7
11-15 years	2.8	3.0	3.0	3.7	4.0
21-25 years	3.2	3.0	3.3	3.7	5.0
Total	3.5	3.0	3.3	3.7	4.6

#### 8.4.18 Descriptive Analysis –Unit Funds

##### 8.4.18.1 Analysis by Gender

Given that only females were applicable for mean comparisons by gender and unit fund, the analysis was not completed, *Table 8-45*. In addition, the significance results and the independent samples table were not produced.

**Table 8-45: Comparison of Means by Gender and Unit Fund**

Gender	SE	RA	RE	IN	TE
Female	3.70	3.00	3.33	3.67	4.33

#### 8.4.18.2 Analysis by Length of Relationship with Bank

In general, based on comparing means for the only two applicable groups by length of relationship and unit fund, customers who had a shorter relationship with their banking service providers scored higher means than the 11 to 15 years of relationship customers. On the other hand, it was noted from *Table 8-46*, that there were no significant differences within service excellence, reputation, innovation and technology.

**Table 8-46: Comparison of Means by Length of Relationship- Unit Fund**

Length of Relationship with Bank	SE	RA	RE	IN	TE
3-5 years	4.75	3	3.7	3.7	4.7
11-15 years	2.75	3	3.0	3.7	4.0
Total	3.75	3	3.3	3.7	4.3
F	0.1	0.40	0.50	1.25	0.41
Sig.	0.71	0.52	0.53	0.53	0.56

#### 8.4.19 Descriptive Analysis – Other Investment

##### 8.4.19.1 Analysis by Gender

Comparison by gender and other investments indicated that there were fluctuating scores between females and males, *Table 8-47*. Besides, there were no significant differences between groups. Alongside, the independent samples table was not produced.



**Table 8-47: Comparison of Means by Gender and Other Investments**

Gender	SE	RA	RE	IN	TE
Male	3.34	3.06	3.69	3.67	3.92
Female	3.3	2.75	3.74	3.41	3.90
Total	3.36	2.92	3.70	3.58	3.92
F	0.1	0.70	0.50	1.25	0.41
Sig.	0.74	0.54	0.53	0.43	0.66

#### 8.4.19.2 Analysis by Length of Relationship with Bank

It was concluded based on comparing the means in *Table 8-48*, that customers with less banking relationships had higher mean scores, in particular less than 5 years of length of relationship. In addition, there were no significant differences between the groups.

**Table 8-48: Comparison of Means by Length of Relationship- Other Investments**

Length of Relationship with Bank	SE	RA	RE	IN	TE
Less than 1 year	3.8	3.7	3.3	4.7	3.7
1-2 years	3.7	2.7	3.5	3.7	3.5
3-5 years	3.88	3.6	4.5	3.9	4.7
6-10 years	1.6	2.3	3.7	1.3	2.0
11-15 years	3	3.3	3.7	2.7	3.7
16-20 years	3.08	2.8	4.2	3.6	4.1
21-25 years	3.4	2.2	4.0	3.8	3.7
Over 26 years	3.54	2.9	3.9	3.7	4.4
Total	3.38	2.9	4.0	3.6	4.0
F	1.82	1.2	1.6	2.7	2.8
Sig.	0.36	0.4	0.3	0.1	0.1

### 8.5 OVERALL MEAN COMPARISON BY ACCOUNT TYPE

Retail banking customers who use particular products focus on service characteristics, such as competitive interest rates, more than customers who do not hold these products. As such, the perceptions of service quality towards the service provider may vary depending on customer or segment characteristics (Levesque and McDougall 1996).

Indeed, comparing the mean summary by account type in Table 8-49, indicates that current accounts, saving accounts and loans had higher service excellence scores than the rest of the purchased banking services.

**Table 8-49: Overall Mean Comparison by Account Type**

Account Type	SE	RA	RE	IN	TE
<b>Current Account</b>	3.89	3.3	3.7	3.6	3.8
Savings Account	3.81	3.9	3.8	3.7	3.9
Loan	3.73	3.3	3.8	3.7	3.9
Credit Card	3.46	3.3	3.7	3.6	3.8
Mortgage	3.72	3.4	3.9	3.8	3.9
Life Insurance	3.66	3.5	4.0	3.8	3.9
Endowment	3.54	3.0	3.3	3.7	4.6
House	3.46	3.4	3.8	3.7	3.9
Car Insurance	3.88	3.9	4.2	4.0	3.9
Other Investment	3.38	2.9	4.0	3.6	4.0
Unit Trust	3.7	3.0	3.3	3.7	4.3
Pension	3.56	3.3	4.0	3.9	4.1

By understanding that retail bank service excellence is of greatest importance to customers who particularly hold current accounts, saving accounts and loans providers, a bank can practically refocus its resources in areas such as lowering costs, and business risk while boosting market share and profitability.

## 8.6 CONCLUSION

The descriptive analysis of banking services providers was utilised to assess customers' perceptions of services excellence. Based on a sample of 260 respondents, respondents were demographically described as being a majority of males, single and having 6 to 10 years of relationship with their major banking providers. The flow of the analysis was based on covering 12 purchased banking services including *current account, saving account, loan, credit card, mortgage, life insurance, endowment, house insurance, car insurance, other investment, unit trust and pension*. In terms of demand on the banking services, analysis revealed that the highest purchased services were oriented towards *saving accounts, current accounts and loan accounts*.

Also, the results helped gain insight into banking services providers which respondents mainly dealt with for their different banking transactions. The list included 9 banks, 4 building societies and 1 international bank. It was noted from the results that the majority of respondents dealt with HSBC, Lloyds TSB and Natwest, respectively.

Based on linking respondents' preferences to the determinants of service excellence, it was found that customers choose their main banking services providers depending on *reputation*, in the first place. Followed by, *rates, technology and innovation*. Conversely, comparisons of the mean scores revealed that customers perceive *technology* as the most important service excellence antecedent, which was specifically reflected by technological security. As for the other determinants, the results showed that most customers emphasised on employees being knowledgeable, charges being competitive, worldwide recognition and reliable services, being reflections of *service excellence, rates and reputation and innovation*.

As for mean comparisons by age, several general patterns were extracted. Firstly, it was concluded that younger customers between the age of 18 and 35, generally had better perceptions towards saving account, pension and other investments. Secondly, mid aged customers aged 36 to 40 years had better perceptions towards life insurance purchased service. Thirdly, older customers aged 51 to 60 years had more positive perceptions towards loan account and house insurance services. Finally, significant differences were noted with pension funds and car insurance, and across *rates* and *reputation* items.

Further, comparisons of different purchased services by gender generated some general patterns. This was summarised by noticing higher perceptions of *current account*, *pension*, and *mortgage* services by females. In addition, males generally had better perceptions towards saving accounts and credit card services.

Different trends resulted from comparisons of purchased services by length of relationship. Customers with less than 1 year of relationship were more likely to have higher scores for current account services. Based on comparing means of other investments, it is concluded that customers with less banking relationships have higher mean scores, in particular less than 5 years of length of relationship. In addition, respondents with 6 to 10 years of banking experience with pension funds had better overall service excellence perceptions. Likewise, it appeared that customers with more than 10 years of experience had better banking experience with mortgages. Also, customers who had their saving accounts for 11 to 15 years had higher excellence perceptions, in general. Finally, customers with 16 to 20 years of experience generally had better service excellence by length of relationship with bank and loan accounts.

The next chapter continues with presenting the second part of the findings in the form of multivariate data analysis, and utilising on reliability testing, structural equation Modelling. Accordingly, hypothesis testing results are discussed.

## **9 FINDINGS FROM STRUCTURAL EQUATION MODELLING**

### **9.1 INTRODUCTION**

This chapter presents the results of multivariate data analysis, based on empirically testing the sample of 260 customers from the UK banking sector. The analysis was based on two major parts: analysing scale reliability and running structural equation modelling. The measurement model was validated using SEM with AMOS 18.0 and PASW Statistics 18.0. The results essentially tested the hypothesised conceptual model in a sense that the underlying causal relationships gave rise to the displayed observable data, and gave an indication of how well the posited model fit the data.

It is worthwhile marking the objectives of this research again, which were stated at the beginning of this thesis, as follows:

- Creating a customised definition of SE which can be extended to the retail banking sector.
- Addressing the determinants of SE in the UK banking sector.
- Developing a measurement model for measuring SE in the banking industry.
- Assessing SE based on the perceptions of retail banking customers.

While the first two objectives were explained in chapters Two and Three of this thesis, this chapter will be fulfilling the fourth objective by providing details on the results, which emerged from investigating the data, in addition to supporting objective three, via confirming reliability and validity of the measurement model.

## 9.2 CONFIRMATORY FACTOR ANALYSIS

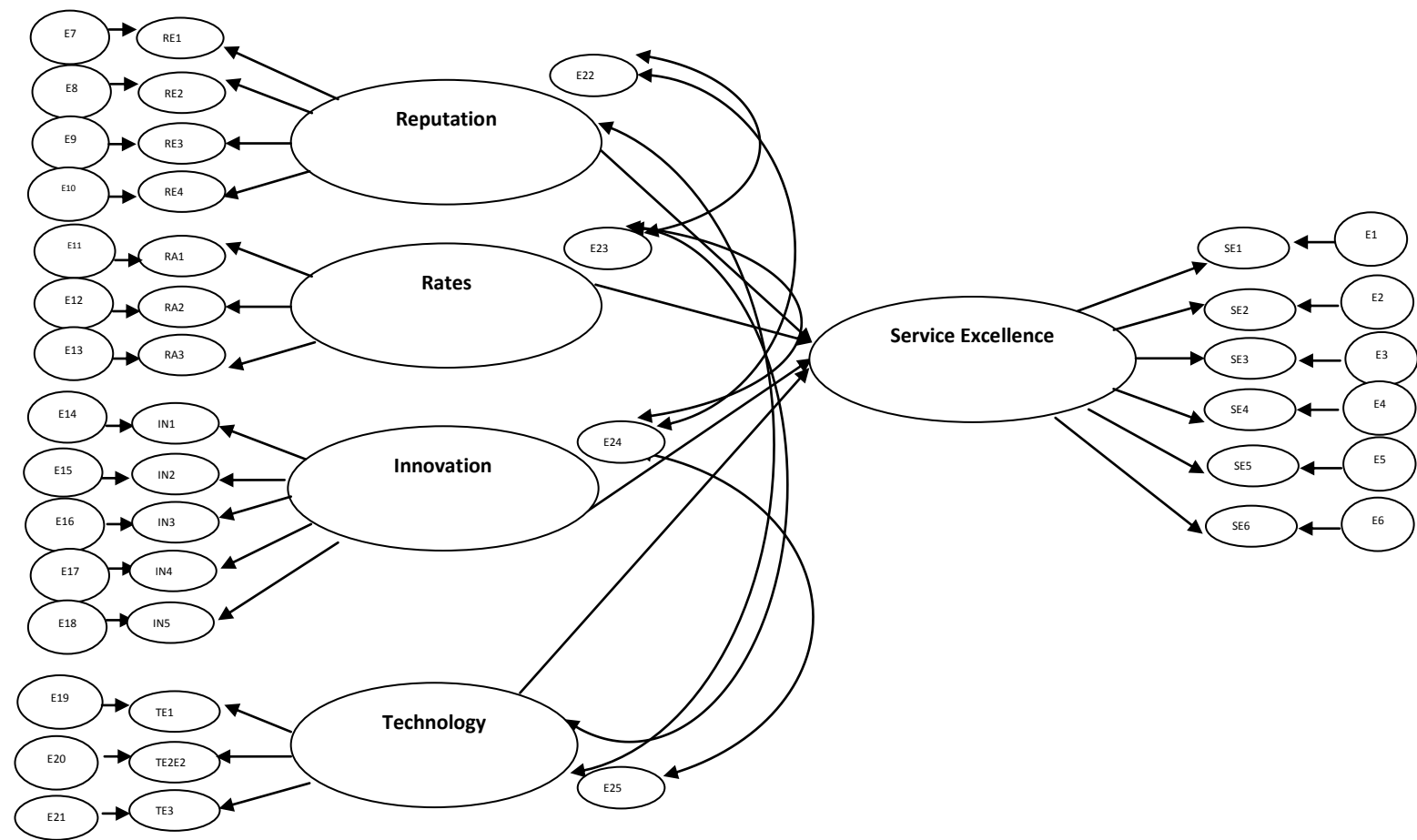
Having established a prior specification of the number of factors in EFA, the next progression step was to validate the posited model by taking a step further towards Confirmatory Factor Analysis (CFA), as per recommendations of Gerbing and Anderson (1988).

Following a Two-Step approach to scale validation, and upon randomly splitting the data into 2 halves, out of the total main sample (n=260). The second half of the data (n=130) was collected using the main instrument, and was treated as validation data for CFA. As a scale development method, the Two-Step approach was deemed the most appropriate for the context of the current thesis, because of its advantages, in contrast to the single-step approach. The Two-Step approach on the contrary, allows for the simultaneous estimation of both the measurement and structural models. Another advantage is that the Two-Step approach, provides unidimensionality evaluations, and facilitates formal comparisons between the proposed model and alternative models (Anderson and Gerbing 1988: 422).

### 9.2.1 Model Estimation

The outcome of scale development and EFA resulted in specifying a 5 dimensions model with a total of 21 items, which was estimated with AMOS 18.0 and utilising on the PCA approach. The estimated model is illustrated in *Figure 9-1*.

Figure 9-1: The Estimated Structural Model after EFA



The central feature of this model is the sequential causal links between *reputation*, *rates*, *innovation*, and *technology* and *service excellence*. Causal paths were defined from each exogenous variable to each of the four endogenous variables, creating a saturated model, with the exception of the patterning of causal links between the four endogenous variables. All exogenous variables were assumed to be correlated, and reflecting their corresponding items: RE1-RE4 for *reputation*, RA1-RA3 for *rates*, IN1 -IN5 for *innovation*, TE1-TE3 for *technology* and SE1-SE3 for *service excellence*. The circles E1-E25 indicate non-observed error variables.

### 9.2.2 Model Re-specification

The first step of CFA was estimating the model's fit, based on a set of fit indices, Table 9-1. Akaike information criterion (AIC) has been included as an absolute index for fit comparisons across non nested models. In addition, absolute indices estimate the overall discrepancy between observed and implied covariance matrices. When fit increases, the degrees of freedom decrease, with the inclusion of more parameters to the model (Mueller and Hancock 2008). RMR and GFI, and AGFI are exclusive outputs to Liserl software. Also, the current consensus does not recommend depending on these measures (Sharma *et al.* 2005). Based on this argument, and given that this thesis utilised on AMOS software, this thesis depended on other indices as reported in Table 9-1. Other indices, such as BIC and CAIC reported no values based on AMOS output tables, hence, they were not possible to report.

While the overall model was deemed acceptable, some less satisfactory fit indices appeared, implicating possible poor representation of the data through the model. More specifically, NFI and RFI were .835 and .768, which demonstrated a potential for model fit improvements. In fact, measurement models which are specified initially fail most of the time to show acceptable fit (Anderson and Gerbing



1988: 412). Hence, it was necessary to re-estimate and to re-specify the measurement model with the same data (Anderson and Gerbing 1988: 412).

**Table 9-1 Summary of Goodness of Fit Diagnostic (Validation Sample)\***

Fit Index	Value
$\chi^2$	194.166
Degrees of Freedom	109
$\chi^2/DF$	1.781
IFI	.920
CFI	.917
NFI	.835
RFI	.768
AIC	747.397
RMSEA	.06 (.04-.07)

*\*Validation Sample (n=130)*

The results drawn from the fit indices imply that the analysis was not exclusively confirmatory. Consequently, model re-specification was undertaken to seek improved parameter results for this thesis. This is an essential step in CFA, and is based on achieving acceptable fit with a series of re-specifications. However, re-specification decisions should not be driven by statistical considerations alone, but rather with reference to theory (Anderson and Gerbing 1988). Considering theory reduces the chances of using sampling error to attain goodness of fit, and decreases the number of alternate models to investigate (Anderson and Gerbing 1988).

Given a converged and proper solution but unacceptable overall fit, there were four basic available options to re-specify indicators (Anderson and Gerbing 1988: 417).

1. Relate the indicator to a different factor
2. Delete the indicator from the model
3. Relate the indicator to multiple factors
4. Use correlated measurement errors

The first two ways preserve the potential to have un-dimensional measurement and are preferred because of this, whereas the last two ways do not, thereby confusing the meaning of the estimated underlying constructs (Anderson

and Gerbing 1988: 417). The first solution (i.e. relate the indicator to a different factor), was applied during the EFA phase<sup>28</sup>. During the CFA, the second point (i.e. delete the indicator from the model) produced better fit results. This was the next progression step, based on cross-validating the final model on another sample drawn from the population<sup>29</sup>. The cross-validation was accomplished by specifying the same model with freely estimated parameters or, in what represented the essential confirmatory analysis.

To aid the decision of whether any items were candidates for reduction, communalities were re-computed within each group of indicators by iterations. The resultant correlations of the rotated component matrix, *Table 9-2*, made it possible to detect some misspecifications, hence some corrections were made.

---

<sup>28</sup> EFA results are reported in during scale development, as explained in Chapter Seven of this thesis.

<sup>29</sup> The validation sample, is n=130.

# CHAPTER NINE- FINDINGS FROM STRUCTURAL EQUATION MODELLING

**Table 9-2: Rotated Component Matrix, Validation Sample, (n=130)**

	1SE	2INN	3REP	4TECH	5RATE	Communalities
1. My bank delivers the promise.	0.840					0.747
2. My bank's employees are knowledgeable.	0.798					0.617
3. My bank's employees deal with requests promptly.	0.772					0.602
4. My bank deals well with problems.	0.732					0.508
5. My bank has the customer's best interests at heart.	0.730					0.553
6. At my bank, products are continually updated.		0.709				0.496
7. My bank offers flexible products that meet my needs.		0.690				0.601
8. My bank provides reliable and effective remote banking services.		0.678				0.592
9. The new products that my bank offers meet our needs.			0.819			0.525
10. My bank is recognised world-wide.			0.769			0.68
11. My bank has excellent overall reputation/ corporate image.			0.761			0.644
12. My Bank's technology, such as ATM locations and internet banking, is secure.				0.863		0.644
13. The technology at my bank is reliable and functions well.				0.859		0.592
14. My bank has a sufficient number of ATMs.				0.824		0.763
15. My bank offers the highest rates on deposits.					0.889	0.675
16. My bank offers the lowest rates on loans.					0.816	0.678
17. My bank charges competitive fees.					0.758	0.624
18. My bank's employees are accurate/ do not make errors.	0.431			0.381		0.654
19. My bank's employees are always available.	0.332				.455	0.673
20. My bank's employees are polite/ friendly.	0.358	.300				0.695
21. My bank is a top competitor	.598				0.315	0.694
Eigen Value	10.415	2.108	1.587	1.478	1.185	
% of Variance	37.1%	7.5%	5.67%	5.2%	4.2%	

Based on the outcome in Table 9-2, and due to the apparent cross loadings, a decision was made to remove 4 items, namely “My bank’s employees are accurate/ do not make errors”, “My bank’s employees are always available”, “My bank’s employees are polite/ friendly” and “My bank is a top competitor”. The deletion of items occurred one after another, wherein during each of the deletions, model fit was recalculated until better fit results were achieved. Another factor that guided the whole process was the theoretical perspective. As such, the items which had solid theoretical backgrounds were highly prevented and vice versa. For example, the deleted items only became related items by iterations, which were defined at the beginning of the scale development as related to excellent employees rather than service excellence related items. Accordingly, their removal was justified in terms of the theoretical background. Such trade off was in tandem with attaining higher fit indices, and supporting discriminant validity of the scale. Further, unidimensionality was proven, under the definition of unidimensionality being “a set of indicators sharing only one underlying factor or construct” (Anderson and Gerbing 1988: 187). Achieving unidimensional measurement is a fundamental task in theory testing and development, and is a necessary condition for assigning meaning to estimated constructs (Anderson and Gerbing 1988). Another criterion to test unidimensionality, aside from CFA, is to assess internal consistency (Anderson and Gerbing 1988). Internal consistency assessment is represented by the inter-item correlations presented in the next section.

### **9.3 RELIABILITY AND VALIDITY ASSESSMENT**

Before exploring results of the full structural model, the internal homogeneity of the hypothesised scale and the construct reliability were assessed again via Cronbach’s alpha coefficient ( $\alpha$ ), with the full sample of (n=260). Moreover, composite reliability and the Average Variance Extracted (AVE) were calculated. This section discusses the results.

### 9.3.1 Internal Reliability of Main Research Construct

The assessment began with the sum of the items for the scale. Nevertheless, the section proceeded with assessing the main construct and all the itemised antecedents, by focusing on each item, as it is the case with reflective scales (Bagozzi and Fornell 1982), rather than by defining construct and antecedents as the sum of the items. The implications of this approach are addressed in this section, particularly for assessing the internal consistency of the scale.

**Table 9-3: Reliability Statistics**

Cronbach's Alpha " $\alpha$ "	No. of Items
.900	17

The sum of the items for the scale produced a highly acceptable level of internal consistency,  $\alpha = .900$ , *Table 9-3*.

**Table 9-4: Overall Reliability of Service Excellence Items**

Cronbach's Alpha ( $\alpha$ )	No. of Items
.740	5

The responses for the 5 items of SE generated a Cronbach Alpha of .740, indicating good internal consistency, *Table 9-4*. This was further proven by the SMC results, *Table 9-5*, which indicate that the items correlate well in the scale.

**Table 9-5: Item-Total Statistics**

Items	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
SE3: Has the customers best interests at heart	14.2789	10.594	.590	.370	.666
SE4: Employees are knowledgeable	13.8327	9.028	.395	.302	.790
SE2: Deals with my problems	13.9880	10.500	.617	.415	.657
SE5: Employees deal with requests promptly	14.0120	11.124	.589	.385	.673
SE1: Delivers the promise they make	14.0876	11.808	.496	.325	.703

In addition, the scale would have had lower internal consistency results, if the items were excluded, *Table 9-5*. Although, an exception was, (SE4: Employees are knowledgeable) which if deleted, would have lightly increased Cronbach Alpha value. Despite that, this item has not been excluded from the scale, because it was frequently perceived by respondents as a vital element for SE, based on the earlier qualitative interviews responses<sup>30</sup>.

### 9.3.2 Internal Reliability of the Antecedents

In addition to the main construct, all of the four antecedents were tested for reliability, as summarised in *Table 9-6*.

<sup>30</sup> The results of the interviews are reported in Table 7-3, Chapter Seven of this thesis.

**Table 9-6: Overall Reliability of SE Antecedents (CFA Stage)**

Antecedents	Cronbach's Alpha ( $\alpha$ )	No. of Items
Reputation	.725	3
Rates	.726	3
Innovation	.732	3
Technology	.757	3

The coefficient alphas ranged within an acceptable range of .725 to .757 across the four antecedents of SE, *Table 9-6*.

#### 9.3.2.1 Overall Reliability of Reputation

**Table 9-7: Overall Reliability Statistics of Reputation**

Cronbach Alpha " $\alpha$ "	No. of Items
.725	3

Reliability analysis yielded a good value of Cronbach Alpha equal to .725 for the overall *reputation* scale, *Table 9-7*.

**Table 9-8: Item-total Statistics-Reputation**

Item	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
REP3: Recognised worldwide	7.2008	2.390	.609	.371	.664
REP1: Bank's offers meet our needs	7.5197	3.089	.584	.341	.689
RE2: Overall an excellent reputation	7.2717	2.855	.591	.350	.674

Based on the item-total statistics, deleting any of the items would have decreased the corresponding Cronbach Alpha of the scale, *Table 9-8*. Therefore, a decision was made to keep all the items in the scale.

### 9.3.2.2 Overall Reliability of Rates

The analyses of *rates* suggest acceptable internal consistency of the scale, *Table 9-9*.

**Table 9-9: Overall Reliability Statistics of Rates**

Cronbach Alpha " $\alpha$ "	No. of Items
.726	3

The analysis is supported by the SMC values in *Table 9-10*. Due to the inverse effect the deletion of any of the three items would have had on the scale's Cronbach Alpha, all items were kept in the scale.

**Table 9-10: Item-Total Statistics-Rates**

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
RAT1: Offers the lowest interest rates on loans	6.5652	2.183	.605	.367	.571
RAT3: Bank charges are competitive	6.3004	2.251	.509	.269	.686
RAT2: Offers highest rates on deposit accounts	6.5731	2.238	.532	.300	.657

### 9.3.2.3 Overall Reliability of Innovation

**Table 9-11: Overall Reliability of Innovation**

Cronbach's Alpha " $\alpha$ "	No. of Items
.732	3



Reliability analysis yielded a similarly good value of Cronbach Alpha equal to .732 for innovation scale, *Table 9-11*.

**Table 9-12: Item-to-Total Statistics- Innovation**

Item	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
INN1: Products are continually updated	7.2846	2.292	.604	.386	.583
INN3: Flexible products that meet my needs	7.3557	2.460	.591	.374	.602
INN2: My bank provides reliable and effective remote banking services	6.9881	2.702	.473	.224	.738

Maintaining at least the first two items (INN1: Products are continually updated) and (INN3: Flexible products that meet my needs) was suggested based on the output in *Table 9-12*. As for the third item, (INN2: My bank provides reliable and effective remote banking services), this was not dropped from the scale, despite the marginally higher result of the scale's Cronbach Alpha, due to avoid the risk of affecting scale validity.

#### 9.3.2.4 Overall Reliability of Technology Items

Technology received the highest Cronbach Alpha, compared to the other antecedents of SE, *Table 9-13*.

**Table 9-13: Overall Reliability of Technology**

Cronbach's Alpha ( $\alpha$ )	No. of Items
.757	3

It is worthwhile reminding of the descriptive findings, which indicated that technology is perceived by customers as the most important SE determinant, this is specifically reflected by technological security.

**Table 9-14: Item-Total Statistics-Technology**

Items	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
TEC2: The technology at my bank is reliable and functions well.	7.7273	3.009	.504	.258	.765
TEC1: Bank's technology is secure	7.5573	2.581	.653	.443	.596
TEC3: Sufficient number of ATMs	7.6640	2.724	.608	.404	.651

Although *Table 9-14* suggested possible increase in the scale's internal consistency, if (TEC2: The technology at my bank is reliable and functions well) was deleted, this item was not dropped from the scale, due to the emphasis of the literature on this item (for example, Athanassopoulos 2001; Jones 2004) as an important determinant for service excellence. As a result, Technology's three items were all kept as part of the scale, which was supported by the acceptable SMC values.

#### 9.4 COMPOSITE RELIABILITY

Originating from the Two-Step procedure recommended in Anderson and Gerbing (1988), composite reliability was calculated in order to ensure construct reliability and internal consistency. Calculations were based on the formula provided by Fornell and Larcker (1981).

Composite Reliability =

$$\frac{(\sum \text{standardised loading})^2}{$$

$$[(\sum \text{standardised loading})^2 + \sum \text{indicator measurement error (the } \sum \text{ of the variance due to random measurement error for each loading which is equal to } 1 - \text{the square of each loading}]$$

## CHAPTER NINE- FINDINGS FROM STRUCTURAL EQUATION MODELLING

Based on the aforementioned formula it was necessary to extract the standardised regression weights and indicator measurement error. AMOS 18.0 was used for this purpose, whereby the standardised estimates for the full structural model were calculated.

**Table 9-15: Composite Reliability and Average Variance Extracted**

Construct	Items (Indicators)	Standardised Regression Weights*	Squared Standardised Regression	Indicator Measurement Error	Composite Reliability	Cronbach Alpha	AVE
Rates	i1	0.75	0.57	0.43			
	i2	0.68	0.46	0.54			
	i3	0.89	0.79	0.21			
<b>Total</b>		<b>2.32</b>	<b>1.82</b>	<b>1.18</b>	<b>0.82</b>	<b>0.73</b>	<b>0.61</b>
Technology	i1	0.83	0.69	0.31			
	i2	0.73	0.53	0.47			
	i3	0.83	0.68	0.32			
<b>Total</b>		<b>2.38</b>	<b>1.90</b>	<b>1.10</b>	<b>0.84</b>	<b>0.76</b>	<b>0.63</b>
Reputation	i1	0.75	0.56	0.44			
	i2	0.70	0.48	0.52			
	i3	0.71	0.51	0.49			
<b>Total</b>		<b>2.15</b>	<b>1.55</b>	<b>1.45</b>	<b>0.76</b>	<b>0.73</b>	<b>0.52</b>
Innovation	i1	0.75	0.57	0.43			
	i2	0.66	0.44	0.56			
	i3	0.73	0.54	0.46			
<b>Total</b>		<b>2.15</b>	<b>1.55</b>	<b>1.45</b>	<b>0.76</b>	<b>0.73</b>	<b>0.52</b>
Service Excellence	i1	0.87	0.76	0.24			
	i2	0.74	0.54	0.46			
	i3	0.69	0.48	0.52			
	i4	0.73	0.53	0.47			
	i5	0.75	0.56	0.44			
<b>Total</b>		<b>3.78</b>	<b>2.87</b>	<b>2.13</b>	<b>0.87</b>	<b>0.74</b>	<b>0.57</b>

The composite reliabilities displayed in *Table 9-15* are all greater than .70, which Nunnally and Bernstein (1994) consider as the benchmark for adequate reliability values.

### 9.5 CONVERGENT VALIDITY

Utilising on the same data set, convergent validity was examined by calculating the Average Variance Extracted (AVE). The AVE results exhibited in *Table 9-15* were achieved by applying the formula provided by Fornell and Larcker (1981):

$$\text{AVE} = \frac{(\sum \text{squared standardised loading})}{[(\sum \text{squared standardised loading}) + (\sum \text{indicator measurement error})]}$$

Table 9-15 illustrates that the variance extracted results were all greater than 0.50, conveying that the validity of both the construct and the individual variables are high (Fornell and Larcker 1981; Bagozzi *et al.* 1991). Implications of the standardised regression weights will be discussed further in the hypothesis testing section.

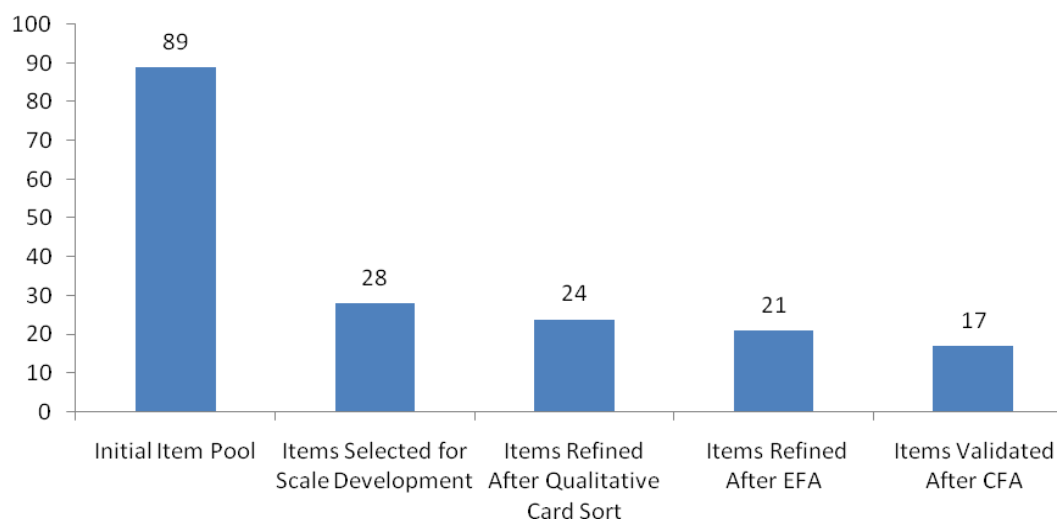
#### 9.5.1 Summary of Findings from Construct and Convergent Validity

Based on evaluating internal consistency of scale, the Cronbach Alpha values for the present scale were marginally higher than the generally recommended value of .70 (Pallant 2005). This was supported by the results of composite reliabilities all exceeding the benchmark value of .70 (Nunnally and Bernstein 1994). This was also accompanied by acceptable AVE values, which demonstrated appropriate convergent validity. Consequently, all the 17 scale items were maintained as variables for the full structural model, in addition to preventing any potential loss of validity that might have resulted from item deletion.

## 9.6 RESULTS FROM FULL STRUCTURAL MODEL

The final full structural model is comprised of 5 factors (antecedents) and 17 variables (items), which was the outcome of a long scale reduction and refinement process, briefed in *Figure 9-2*.

**Figure 9-2: The Complete Development Stages of the Items in this Thesis**



*Source: Author*

The details of the items which were eliminated, and the items which were kept for the full structural model, are summarised in *Table 9-16*, based on scale refinement and validation.

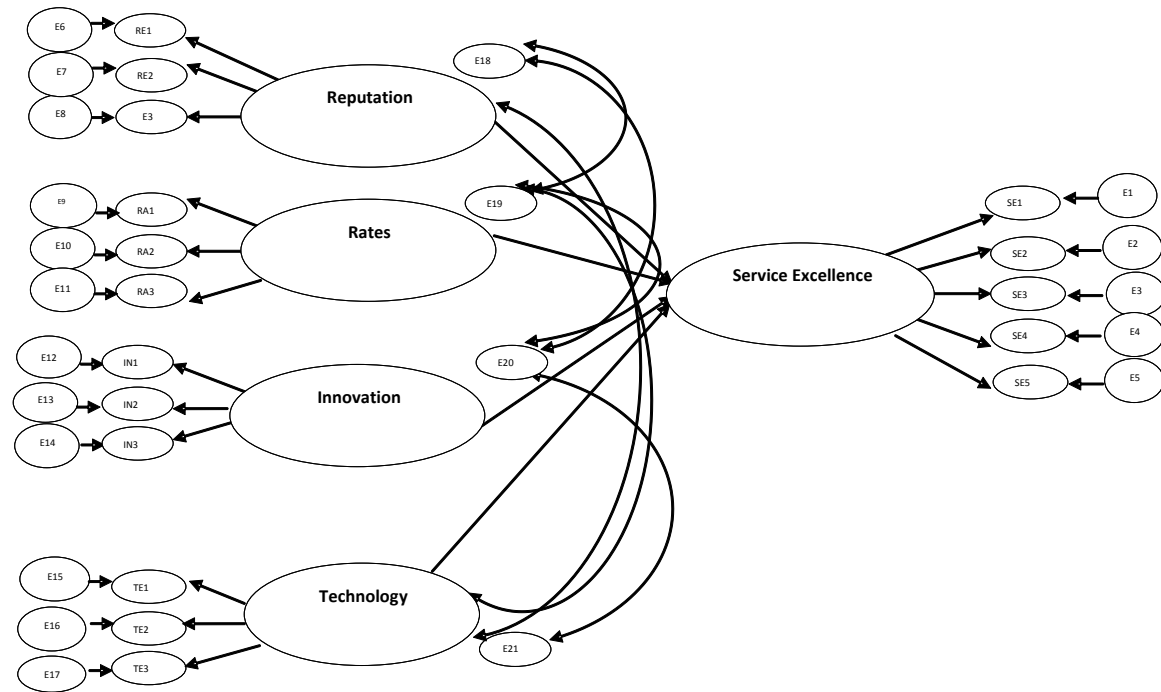
# CHAPTER NINE- FINDINGS FROM STRUCTURAL EQUATION MODELLING

**Table 9-16: Items Retained for Full Structural Model after Scale Refinement**

Item	Summary of Retained Items	Eliminated Items At Scale Refinement Stage		
		Card Sort	EFA	CFA
1. My bank delivers the promise	Retained			
2. My bank makes services personal	Eliminated- Card Sort Exercise	√		
3. My bank goes the extra mile	Eliminated- EFA		√	
4. My bank deals well with problems	Retained			
5. My bank has the customer's best interests at heart	Retained			
6. My bank has excellent overall reputation/ corporate image.	Retained			
7. My bank is a top competitor in its market.	Eliminated- CFA			√
8. My bank is recognised world-wide.	Retained			
9. My bank offers the lowest rates on loans.	Retained			
10. My bank offers the highest rates on deposits.	Retained			
11. My bank charges competitive fees.	Retained			
12. The new products that my bank offers meet our needs.	Retained			
13. At my bank, products are continually updated.	Retained			
14. My bank offers flexible products that meet my needs.	Retained			
15. My bank offers a wide product range.	Eliminated- Card Sort Exercise	√		
16. My bank provides reliable and effective remote banking services.	Retained			
17. My bank's employees deal with requests promptly.	Retained			
18. My bank's employees can resolve complaints.	Eliminated- EFA		√	
19. My bank's employees are available.	Eliminated- CFA			√
20. My bank's employees are accurate/ do not make errors.	Eliminated- CFA			√
21. My bank's employees are knowledgeable.	Retained			
22. My bank's employees are polite/ friendly.	Eliminated- CFA			√
23. My Bank's technology such as ATM locations and internet banking is secure.	Retained			
24. The technology at my bank is reliable and functions well.	Retained			
25. My Bank has a sufficient number of ATM.	Retained			
26. My bank provides conveniently available technology (such as ATM locations and internet banking information...etc.).	Eliminated- EFA		√	
27. My bank uses the most advanced and up to date technology.	Eliminated- Card Sort Exercise	√		
28. My Bank provides technology (such as ATM, telephone banking, and internet banking) that is easy to use.	Eliminated- Card Sort Exercise	√		
<b>Total Deleted Items</b>		<b>4</b>	<b>3</b>	<b>4</b>
<b>Net Items (After Deletion)</b>		<b>24</b>	<b>21</b>	<b>17</b>

The resulting final model which was specified for this thesis can be described in conjunction with *Figure 9-3*, which represents the direction of relationships between the latent variables and the main construct and postulated interrelations<sup>31</sup>.

**Figure 9-3: The Hypothesised Structural Model**



The strength of the examined interrelations, and the standardised direct effects, or path coefficients of a variable on another variable are not presented in *Figure 9-3*, for clarity and simplicity of the figure. Nevertheless, more details are presented in the hypothesis testing section based on the path analysis results.

### 9.6.1 Fit Indices of the Full Structural Model

The ability of the proposed model to reproduce the data was assessed, by interpreting output of the SEM modification indices and path specification, using AMOS 18.0. To create confidence in the goodness of fit test, a sample size of 100 to 200 is normally recommended (Hoyle 1995). Additionally, a model should contain 10 to 20 times as many observations as variables (Mitchell 1993), or an average ratio of 10:1, which is a prevalent rule of thumb used by many scholars (Costello and

<sup>31</sup> Refer to section 9.6.3 for more details on nomological validity including hypothesis testing results.

Osborne 2005). Consequently, the 260 sample size in this thesis, met the recommendations, which divided over 17 items, made around 15 responses per item<sup>32</sup>.

Based on the different guidelines in the literature, not all the fit indices were reported, but rather the most commonly reviewed. The most common indices are CFI (Bentler 1990), NFI (McDonald and Ho 2002) in addition to RMSEA, which is one of the most informative criteria (Byrne 1998). The selected indices including the significance test and Parsimony Fit Indices are shown in Table9-17.

**Table9-17: Summary of Goodness of Fit Diagnostic (Full Sample)\***

Fit Index	Value
$\chi^2$	197.721
Degrees of Freedom	109
$\chi^2/DF$	1.814
IFI	.950
CFI	.949
NFI	.896
RFI	.854
AIC	319.721
RMSEA	.056 (.043-.068)

\*Full Sample: (n= 260)

The reason for choosing the fit indices in Table9-17 from the pool of available output was because they are the least sensitive to sample size, model misspecification and parameter estimate (Bentler 1990; Hu and Bentler 1999). GFI was not produced because it is an exclusive Lisrel index and it is not generally recommended. Further diagnostic output was explored, starting with the significance test to adjust to the sample size.

The Minimum Sample Discrepancy (CMIN), normally referred to by  $\chi^2$ , simply tests whether the model perfectly fits the data, which is not really a useful test, but when this measure is divided by the degrees of freedom (CMIN/DF), a chi-square

<sup>32</sup> For a detailed description of research sample, refer to section 6.3.7 in Chapter Five.



statistic is obtained, or the ( $\chi^2$ ) test of significance (Kline 2005; Tabachnik and Fidell 2007). CMIN should be below 2 for optimal models (Ullman 1996). Given this standard, which is a direct function of sample size and model misfit, the result of CMIN/ DF in Table9-17, is considered excellent, as reflected by an appropriate size.

AIC deals with the trade-off between the complexity of the model and the goodness of fit of the model. AIC can tell nothing about how well a model fits the data in an absolute sense, and it provides a means for model selection. In other words, it offers a relative estimate of the information lost when a given model is used to represent the process that actually generates the data. In light of that, AIC is optimal in selecting the model with the least mean squared error (Yang 2005). Comparing AIC results in Table 9-1, to AIC in Table9-17, shows that the value has decreased in the later table, which is a better indicator of fit.

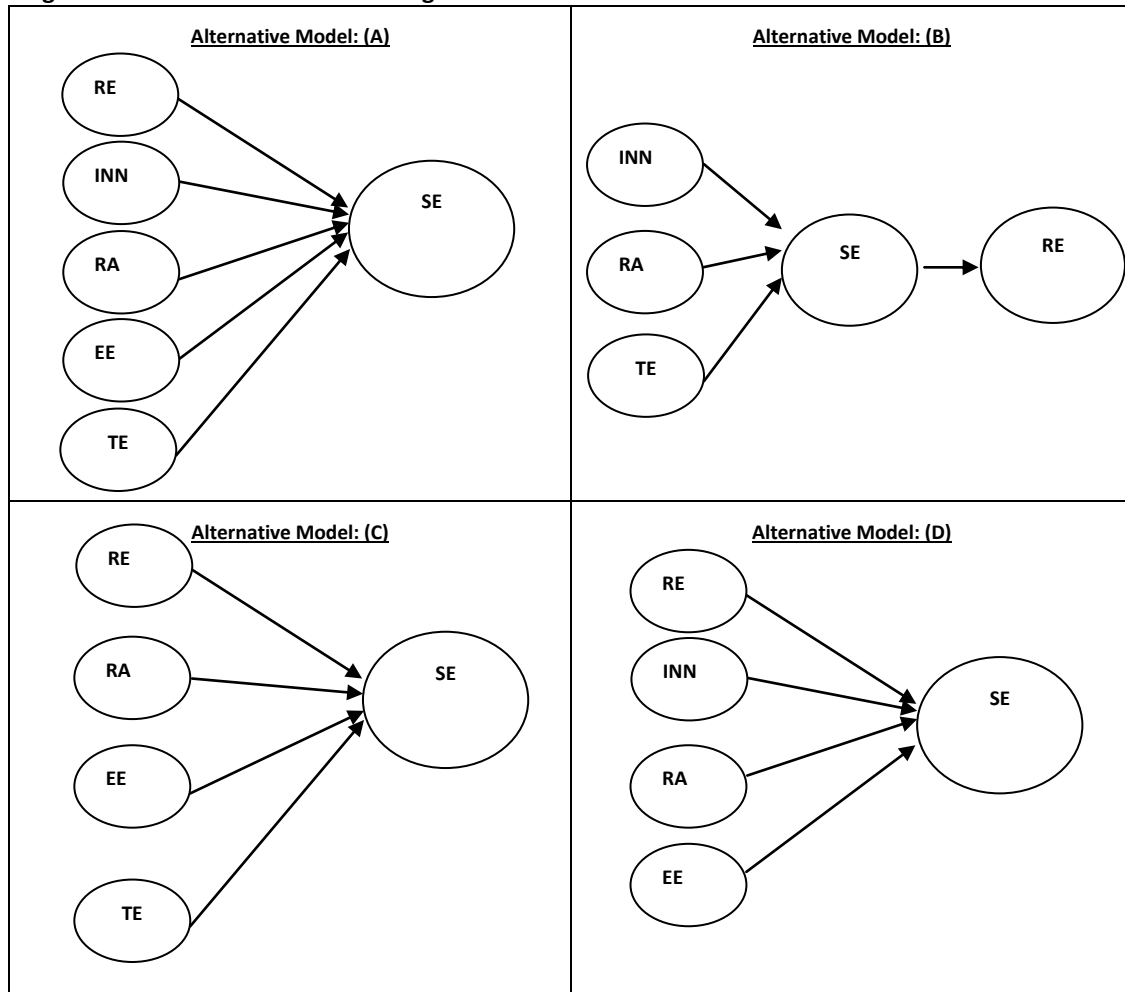
As for the Incremental Fit Index (IFI) and The Comparative Fit Index (CFI), the recommended values should be  $> 0.90$  in good models (Hu and Bentler 1999). Compared to the standards in published literature, the output in *Table9-17* meets the recommended values. With respect to the Normed Fit Index (NFI) and the Relative Fit Index (RFI), both are recommended to be  $>.90$  as an indicative for good models (Hair *et al.* 2006). Based on that, the NFI and RFI output value diagnostics for the proposed model, Table9-17 , closely met the threshold value.

The Root Mean Square Error of Approximation (RMSEA) gave an explanation of how well the model with the chosen parameter estimates fitted the covariance population matrix (Byrne 1998). The recommended RMSEA cut-off point is a value close to .06, which is tested through the PCLOSE test (Hu and Bentler 1999). There is a consensus that the lower limit should be closer to zero, while the upper limit should be less than .08. Based on RMSEA output shown in Table9-17, the hypothesised model turned out to be good.

To summarise, the preceding baseline and goodness of fit indices, presented in *Table 9-17*, indicate that the hypothesised model fits the data well, based on the recommended fit index values in the literature. Despite that the approximate fit indices were originally conducted to determine the degree of fit for the data, their current use had developed into a sort of hypothesis test whereas each index was assigned a standard criterion (Barrett 2007), and helped in looking at the model as a whole with the goodness-of-fit chi-square. Based on the results discussed in this chapter, the hypothesised model indicates a good fit.

### **9.6.2 Alternative Model Testing**

In order to ensure that the structural model of this thesis was the best fitting model, and to minimise unexpected variables between indicators for different variables or between indicators and underlying variable (Cheng 2001: 651), alternative model testing was undertaken. This thesis tests four alternative models based on the recommendations of (Farrell 1994; Frazier *et al.* 2004; Vandenberg and Grelle 2009; Huo *et al.* 2010). The models were built one by one on theoretical and statistical grounds, *Figure 9-4*.

**Figure 9-4: Alternative Model Testing**

#### 9.6.2.1 Alternative Model: (A)

Due to the statistical results during the EFA, which had a direct effect on the factor *excellent employees*, alternative model testing began with model: (A), supposed that no deletion or merging of EE occurred. This alternative model, in *Figure 9-4*, consists of the original paths that were hypothesised in the conceptual model of this thesis including EE. Theoretically, EE was advocated as a strong determinant of SE at the beginning of this thesis<sup>33</sup>. However, two signals suggested the deletion of EE from the model, prior to assessing the full structural model. Firstly, the results of the EFA, in particular the rotated component matrix, *Table 7-25*, which encouraged merging the items of EE under SE, as a result of the loading patterns.

<sup>33</sup> Refer to section 4.2.5, Chapter Three, for a related background about *excellent employees*.

Secondly, unfavourable results of the current alternative model, based on lower  $\chi^2$  statistics and fit indices, *Table 9-18*.

The statistical results signalled revisiting the literature to investigate relevant explanatory theory. In fact, some authors have combined SE and EE as one factor (for example, Antonacopoulou and Kandampully 2000), where service excellence seems to emanate from a personal experience as customers interact with their service providers (Antonacopoulou and Kandampully 2000). Further, some qualitative interviews with experts at Coventry University, did not find EE and SE to be practically quite different.

#### 9.6.2.2 Alternative Model: (B)

In alternative model (B), all the relations between the main construct and the antecedents remained as in the posited base model, except for *reputation*. *Reputation* in this model was suggested to be formed by SE, where SE becomes a mediating variable. The reason for suggesting this alternative model was that, despite the literature establishes an association between reputation, perceptions and quality, the direction of such linkage is diverse. On one hand, *SE* is viewed as an antecedent or a moderator of reputation (such as, Wirtz *et al.* 2000). On the other hand, a limited number of researchers, precisely, Jones (2004), paid attention to whether service excellence can be the final outcome of reputation, not vice versa. An additional consideration during the formation of this model, that it was not favourable to delete reputation from the alternative model (B). Because, although reputation was addressed in the context of organisational service quality, a couple of specific papers focused on reputation in relations to SE within the context of banks, in particular, Brown and Kleiner (1997) and Jones (2004). Given the significant role that reputation plays in forming customers' perceptions, it was kept in the conceptual model. Yet, the results yielded by alternative model testing were not satisfactory, *Table 9-18*. Hence, this model did not succeed in substituting the base case model.

### 9.6.2.3 Alternative Model: (C)

Alternative model (C) consists of the original paths in the base case model, excluding the *innovation* path. As not all existing service excellence scales essentially reported the inclusion of product *innovation* as a factor in SE scales. The results of this alternative were weaker  $\chi^2$  statistics and fit indices, *Table 9-18*. Hence, suggesting a less acceptable model had innovation been deleted.

### 9.6.2.4 Alternative Model: (D)

Alternative model C, assumes the same original paths, excluding the technology path. Based on  $\chi^2$  statistics and fit indices, *Table 9-18*, the result of this alternative are not the best possible. This necessitated the inclusion of technology for a better fitting model, and in line with the established literature (for example, Bates *et al.* 2003). Based on the weak  $\chi^2$  statistics combined with poor fit indices results of this alternative, *Table 9-18*, this model is not possibly the best available option.

**Table 9-18: Consolidated Results of Alternative Model Testing**

Model	$\chi^2$	DF	$\chi^2/DF$	IFI	CFI	NFI	RFI	AIC	RMSEA
The Base Model	197.721	109	1.814	.950	.949	.896	.854	319.72	.056
Alternative Model: (A)	612.162	198	3.092	.771	.764	.695	.610	249.01	.105
Alternative Model: (B)	148.317	71	2.089	.944	.943	.832	.849	760.34	.065
Alternative Model: (C)	177.081	71	2.494	.892	.888	.832	.752	1311.71	.082
Alternative Model: (D)	177.607	59	3.010	.869	.864	.816	.716	1972.13	.095

The only model which was not tested was an alternative which excluded rates. This is due to the established literature with a stronger association between SE and *rates*, in comparison to the other antecedents. The majority of SE scales incorporated rates with similar items. For example, Nguyen and LeBlanc (1998) explained value (excellence) by offering competitive rates on loans and deposits.

Also, Jones (2004) found that one of the factors related to achieving service excellence is offering acceptable costs, where he defined competitive costs as lowest charges for loans or overdrafts, lowest service charges, fees, and commissions and highest interest on deposits. Further, Bahia and Nantel (2000) incorporated price as a dimension in their excellence scale, where price referred to the following items: good explanations of service fees, balance amount from which service charges begin and reasonable fees for the administration of the accounts. In addition, Al Hawari and Ward (2006) associated pricing with excellence, and suggested that price means adequately explaining service charges, acceptable fees, and competitive fees and clearly showing the service charges on statements.

### 9.6.3 Nomological Validity

Although the fit indices gave an indication of how well the hypothesised model fit the data, and that the hypothesis were empirically developed and tested utilising on correlations and regression analysis, path analysis was performed to inform about the individual components of the model. Nomological validity is achieved if the developed scale performs as expected with respect to some other constructs to which it is theoretically related (Churchill 1995). Thus, this section revisits the posited hypothesis for the purpose of accepting or rejecting, by performing path analysis with the structural model and with the full sample.

As a reminder, the main hypothesis for this thesis posits that there is a relationship between service excellence and four major antecedents, stated as:

*Each of the suggested service excellence antecedents, will impact service excellence.*

*H<sub>1</sub>: The antecedent rates within the conceptual model is positively related to service excellence*

*H<sub>1a</sub> Rates is positively related to charging competitive fees*

*H<sub>1b</sub> Rates is positively related to offering the lowest rates on loans*

*H<sub>1c</sub> Rates is positively related to offering the highest rates on deposit*

*H<sub>2</sub>: The antecedent technology is positively related to service excellence*

*H<sub>2a</sub> Technology is positively related to being secure*

*H<sub>2b</sub> Technology is positively related to providing a sufficient number of ATM's*

*H<sub>2c</sub> Technology is positively related to being reliable and functioning well*

*H<sub>3</sub>: The antecedent innovation is positively related to service excellence*

*H<sub>3a</sub> Innovation is positively related to continually updating products*

*H<sub>3b</sub> Innovation is positively related to offering flexible products that meet customers' needs*

*H<sub>3c</sub> Innovation is positively related to providing reliable and effective remote banking services*

*H<sub>4</sub>: The antecedent reputation is positively related to service excellence*

*H<sub>4a</sub> Reputation is positively related to banks having an excellent overall reputation*

*H<sub>4b</sub> Reputation is positively related to banks offering new products that meet customers' needs*

*H<sub>4c</sub> Reputation is positively related to banks being recognised worldwide*

The hypothesised research questions were built from theory as explained at the beginning of this thesis, Chapter Three. To further confirm Hypotheses H<sub>1</sub>-H<sub>4</sub>, path analysis was conducted, being another input for testing the hypothesis. Another purpose of this section is to discuss the yielded information from the direct effects among the constructs, via path coefficients which are also referred to elsewhere in this chapter as standardised regression coefficients or beta weights.

***The Main Hypothesis: Each of the suggested service excellence antecedents is positively related to service excellence:***

The most significant impact observed in relations to the main hypothesis was between *innovation* and SE, at  $p < .001$ . This was followed by *rates* and SE. Despite that the *technology* and Service Excellence path appeared less significant, the relationship was clearly positive. In contrast, the weakest path was between *reputation* and SE. The estimated standardised path coefficients between SE and its four antecedents are reported in Table 9-19.

**Table 9-19: Standardised Regression Weights: (Group number 1 - Default model)\***

Path			Estimate
Reputation	→	Service Excellence	.233
Rates	→	Service Excellence	.350
Technology	→	Service Excellence	.309
Innovation	→	Service Excellence	.581
X2= 197.721 NFI = .896 CFI = .949 RFI = .854 IFI= .950 RMSEA = .056			
* Each of these paths is significant $p < .001$			

Service Excellence significance estimates are broken down by items as in Table 9-20.

**Table 9-20: Standardised Regression Weights- Service Excellence**

Path			Estimate
Service Excellence	→	My bank delivers the promise	.869
Service Excellence	→	My bank deals well with problems	.740
Service Excellence	→	My bank has the customer's best interest at heart	.687
Service Excellence	→	My bank's employees deal with requests promptly	.728
Service Excellence	→	Employees are knowledgeable	.749

The standardised regression output between Service Excellence and its five items is reported in Table 9-20, with the strongest relationship reflected between SE and “My bank delivers the promise”, at a value of .869. This was followed by “Employees are knowledgeable”, and “My bank deals well with problems”, which both corresponded highly to SE. “My bank's employees deal with requests promptly” also correlated positively with SE, at a path coefficient of .728. In addition, “My bank has the customer's best interest at heart” had the weakest relationship with Service Excellence and compared to all the other paths in the model, with a path coefficient of .687.

***H<sub>1</sub>: The antecedent rates within the conceptual model is positively related to service excellence***

*H<sub>1a</sub> Rates is positively related to charging competitive fees*

*H<sub>1b</sub> Rates is positively related to offering the lowest rates on loans*

*H<sub>1c</sub> Rates is positively related to offering the highest rates on deposit*



Furthermore, there were relatively strong interrelations between “My bank charges competitive fees”, “My bank offers the lowest rates on loans”, “My bank offers the highest rates on deposit” and *rates*, with path coefficients of .752, .681 and .890, respectively, as illustrated in *Table9-21*. “My bank offers the highest rates on deposit” remarkably had the strongest path in the whole model.

**Table9-21: Standardized Regression Weights- Rates**

Path			Estimate
Rates	→	My bank charges competitive fees	.752
Rates	→	My bank offers the lowest rates on loans	.681
Rates	→	My bank offers the highest rates on deposit	.890

The findings are compatible with the literature (for example, Jones 2004; Al Hawari and Ward 2006).

***H<sub>2</sub>: The antecedent technology is positively related to service excellence***

*H<sub>2a</sub> Technology is positively related to being secure*

*H<sub>2b</sub> Technology is positively related to having a sufficient number of ATM's*

*H<sub>2c</sub> Technology is positively related to being reliable and functioning well*

It is clear from that all *technology* items were strongly related to *technology*, *Table 9-22*. “My bank's technology is secure”, had the strongest path in with a path coefficient value of .831, followed by, “The technology at my bank is reliable and functions well”, and “My bank has a sufficient number”, with path coefficients of .827 and .727, respectively.

**Table 9-22: Standardized Regression Weights- Technology**

Path			Estimate
Technology	→	My bank's technology is secure	.831
Technology	→	My bank has a sufficient number of ATM	.727
Technology	→	The technology at my bank is reliable and functions well	.827

Similar relationships between technology and SE have been addressed in the literature (Jones 2004). In addition the relationship between technology and service quality has been proven in the banking sector (Al Hawari and Ward 2006).

***H<sub>3</sub>: The antecedent innovation is positively related to service excellence***

*H<sub>3a</sub> Innovation is positively related to products being continually updated*

*H<sub>3b</sub> Innovation is positively related to offering flexible products that meet customers' needs*

*H<sub>3c</sub> Innovation is positively related to providing reliable and effective remote banking services*

All *innovation* related items are positively related to Innovation according to the values of their beta paths, as shown in *Table 9-23*. However, the strongest relationship among all paths was that between *innovation* and “My bank offers flexible products that meet my needs” with a value of .754. This was followed by “Products are continually updated”, and “My bank provides reliable and effective remote banking services”, with path coefficients of .733 and .664, respectively.

**Table 9-23: Standardized Regression Weights- Innovation**

Path			Estimate
Innovation	→	products are continually updated	.733
Innovation	→	My bank offers flexible products that meet my needs	.754
Innovation	→	My bank provides reliable and effective remote banking services	.664

In general, the importance of innovation has been depicted in the literature, based on customer perceptions of services provided (for example, Athanassopoulos *et al.* 2001).

***H<sub>4</sub>: The antecedent reputation is positively related to service excellence***

*H<sub>4a</sub> Reputation is positively related to having an excellent overall reputation*

*H<sub>4b</sub> Reputation is positively related to offering new products that meet customers' needs*

*H<sub>4c</sub> Reputation is positively related to being recognised worldwide*

Further, according to the regression output, *Table 9-24*, all the items were positively related to reputation, starting with the strongest path “My bank has an excellent overall reputation” with a path coefficient of .746. This was followed by “My bank is recognised worldwide” with a path coefficients of .713 and ending with “The new products that my bank offers meet our needs”, with a path value of .695.

**Table 9-24: Standardized Regression Weights- Reputation**

Path			Estimate
Reputation	→	my bank has an excellent overall reputation	.746
Reputation	→	The new products that my bank offers meet our needs	.695
Reputation	→	My bank is recognised worldwide	.713

There are similar, but limited, linkages in the literature, indicating a positive relationship between reputation and SE (Jones 2004).

To summarise, based on the standardised direct regression estimates, all the paths depicted for the model in this thesis were supported, and the beta values of the paths were positive and significant at  $p < .001$ . A post hoc investigation of the possibility of an indirect effect on SE was insignificant using structural equations modelling, logically due to the non-existence of any mediation variables in the proposed model, resulting in an indirect effect output of zero.

Subsequently, all hypotheses  $H_1$ - $H_4$  were accepted, evident by statistically significant path coefficients, which ascertained nomological validity. The results showed that *innovation* is the most important dimension of SE followed by *rates*, *technology* and *reputation*.

Overall, whereas major developed antecedents turned out to be principal predictors for SE, delivering the promise was found to be the strongest predictor of SE. Additionally, offering the highest rates on deposit turned out to be the strongest reflected item from *rates*. Also, *technology* was most strongly reflecting secure banking technology. As for *innovation*, it most significantly reflected products being flexible products that meet customers' needs. Lastly, the strongest reflected item from *reputation* was excellent overall reputation.

### 9.7 CONCLUSION

The goal of the present chapter was to investigate whether the proposed antecedents determined SE within the UK banking sector, and whether the proposed model significantly assessed the data. Subsequently, CFA assisted with the establishment of the final and full structural model. In terms of evaluating the internal consistency of the scale, the model exhibited similar patterns of results across the individual scales of different proposed antecedents and main construct. Given the reliability analysis results, all SE items were retained as key components of the main research instrument. The scale met rigorous conceptual and empirical criteria to assess construct validity including content and convergent validity.

The multivariate results, by means of structural equation modelling, showed an acceptable goodness of fit between the proposed model and the observed data. In addition, more focused fit tests, including examination of estimates, standardised residuals and evaluations of theoretical coherence, all suggested adequate model fit.

As part of the multiple regression analysis, path analysis was estimated to identify the relative importance of the factors in predicting the overall perceptions of customers towards Service Excellence provided by the retail banking sector. Path analysis gave details on the nature of positive or negative relationships between the variables in the model. In addition, the significance and strength of the relationships were revealed based on the aforementioned statistically significant results. Accordingly, all of the investigated relationships were statistically significant, whereby *reputation*, *rates*, *innovation*, and *technology* were positively related to SE.

Based on the overall correlation results, the findings concerning the magnitudes of the reflected items from SE were mixed. Delivering the promise turned out to be almost as equally strong as dealing well with problems and having the customers' best interest at heart. In contrast, knowledgeable employees and delivering the promises showed less strength, respectively. Banks with excellent overall reputation, compared to new product offerings meeting customer needs, and worldwide recognition, was more important to how customers perceived *reputation*. In contrast, it was far more important for customers to receive highest rates on deposits rather than being charged with competitive fees or to receive lowest rates on loans. In addition, customers' perceptions of *innovation* were more reflected by flexible products that meet their needs, rather than by continually updated products and reliable and effective remote banking services. Despite that *technology* was strongly reflected by all of its appending items, customers perceived secure technology as the strongest item, confirming the same finding previously extracted from the descriptive findings in Chapter Eight.

Developing sound scales is a challenging and time-consuming process (Schmitt and Klimoski 1991). Further, the issue of how the model that best represents the data reflects underlying theory, model fit, is by no means agreed. Nevertheless, the success in observing true covariance between the variables of interest depends on the ability to accurately and reliably operationalize constructs. In this thesis, this helped understand how SE was constructed. While Hair *et al.*

(2006) pointed out that no single measure could perfectly represent reliability, several criteria have been utilised including content validity, criterion-related validity, construct validity, and internal consistency. Hence, the multivariate analysis results suggested that the proposed measurement model in this thesis provided a reasonably acceptable reliability, discriminant validity, convergent validity and nomological validity.

A practical recommendation would be to apply the out coming scale as a tool in assessing SE towards achieving continuous enhancements in the UK banking context. The developed model would be useful for marketing departments, quality and assurance departments, and senior banking management to assess the performance of their banking services based on receiving customers feedback. Questionnaires would be disseminated to clients to collect their feedback. This should be applied in a regular basis so that progress is tracked. Accordingly, future strategies should ideally cater for customer's perceptions based on such feedback. Other relationships between the constructs were possibly reviewed based on the literature, such as the relationships between SE and loyalty, SE and trust. Additionally, other similar relationships, and empirical exploration has started by the author along with a team of other scholars<sup>34</sup>.

---

<sup>34</sup> Please refer to sections 10.6.1 and 10.6.4 for Extending the Scope of Research, and Linking Service Excellence to Trust and Trustworthiness

## **10 DISCUSSION AND CONCLUSION**

### **10.1 INTRODUCTION**

The previous chapter discussed the findings of this thesis and accepted the hypothesis based on structural equation modelling and guided by the literature background, which was put forward in Chapter Two of this thesis. This chapter discusses the conclusion of this thesis, by assembling implications from all the aforementioned chapters.

The chapter reviews the rationale that motivated this research. As with other research, the starting point was a thorough review of the literature. However, the ultimate target was to generate a scale based on validated findings, which would contribute to the body of the knowledge. Hence, the chapter summarises the major theoretical and practical contributions, with some managerial implications. Later, the chapter acknowledges some limitations, which inspired some ideas for future research. The final section of the chapter puts some concluding remarks.

#### **10.1.2. THESIS REVIEW: RATIONALE AND CONTENT**

This thesis is rationalised by a set of objectives, which were identified based on the literature review. The gaps in the literature and the researcher's own interest in the subject of this research were the main reasons which motivated this research. The main objectives which this thesis was established for are the following:

- i. To conduct a comprehensive literature review:
  - Review the nature of service excellence, its conceptualisations, domains and definitions.
  - Understand the dynamics of the financial services industry, being the context for this thesis, in particular, the UK banking sector, with respect to different banking accounts.
  - Explore potential determinants of SE
  - Review the different available measurement scales for SE.
- ii. To develop a context specific definition of SE
- iii. To develop a conceptual model of SE
- iv. To develop a multi-item scale that measures SE
- v. To investigate retail banking customers perceptions towards SE
- vi. To validate the developed model by testing its application with the UK retail banking customers.

The literature review allowed for the logical formulation in the current thesis, this is briefed next.

## **10.2 SUMMARY FROM THE LITERATURE REVIEW**

The literature review revealed that although a generous amount of research attempted to assess service quality, only a few have measured SE in UK banks. To contribute in closing this gap, this thesis aimed to explore the ways for improving bank performance by looking at the potential variables which customers' perceive excellence in retail banking services. The literature review showed that there is a lack of consensus as to what the concept service quality, in general and SE, in particular, should entail. This has created a large array of interpretations. Further, the literature



often mixes the definition of service quality with SE, evident in occasionally using the two concepts interchangeably in the literature. This thesis attempted to view the conceptualisations of service quality from different perspectives, and posited that although service quality forms a solid background, essential for understanding SE, it has matured. Therefore, it was concluded that there should be a clear differentiation between traditional definitions of service quality, and the emerging concept of SE, which is a more dynamic concept.

Different disciplinary domains of SE were investigated, with the objective of comprising the dimensions of SE, namely: organisational theory, information technology, and services marketing. It was realised that although excellence is viewed from different conceptualisations, and focus on different priorities, it is critical in all domains of business and theory, including the discipline that have not been traditionally defined as services industries. In addition, there are obvious interrelations between the three major discussed domains, specifically the emphasis on the customers. The importance of determining who the customers are is critical for evaluating how to best meet their needs. This created a debate which is mainly obvious within the information technology domain. Further, all domains emphasised the need for a shift from traditional focus on quality to a higher level whether addressed in terms of exceeding expectations, adding value or superiority, which all indicate excellence. Further, thorough review of existing quality scales, enabled the identification of potential antecedents of SE.

The literature review was also necessary to understand the background to the UK financial services industry and the banking sector, and also because it is the context of this thesis. Another purpose was to have an additional focused literature review on retail banking in relations to SE. This overview uncovered many differentiating aspects of the financial services industry, as one of the anchor industries in the UK economy. Further, a general market overview of the retail banking sector was explored, with focus on four major provided services or transactions: current personal accounts, mortgage accounts, saving deposit

accounts, and loan accounts. The market was found to be dominated by major players in each category, Lloyds Banking Group being the market leader. In addition, the delivery channel options available for retail banking service delivery were briefly reviewed. The automated channels are generally items reflected from technology, and include face- to-face branch banking, ATM, telephone and internet channels. This particular review helped in understanding potential items for technology, which was included as an antecedent within the SE conceptual model. Further, it was deemed important to understand the changes in the banking sector. This is because, the external economic changes, influenced the banking structures. An example was the financial crisis, which redefined the banking business operations to improve and strengthen performance.

In addition, the literature provided different methodological solutions related to this thesis. It provided an explanation of the research philosophies and methods that were available and used for this thesis. This was possible by viewing the research constructs at three levels: methodological, conceptual and statistical. Further, following the research philosophy for this thesis required selecting from a considerable range of paradigms. In the first place the key issues of ontological and epistemological beliefs of theory were considered. Then the issues of empiricism and methodology were understood and resolved.

Several research methods were utilised in this thesis as criteria to framework the research instrument and analysis of results. One decision was the choice between quantitative and qualitative research, which is more about the philosophy of knowledge and how one understands the reality. However, rather than thinking of qualitative and quantitative strategies as incompatible, they were seen as complementary. Although procedures for textual interpretation differ from those of statistical analysis, because of the different type of data used and questions to be answered, the underlying principles were much the same. Both qualitative research and quantitative research have a role to play in academic services marketing. Previous work on the domain of this thesis topic suggested that an overwhelming

amount of academic marketing is quantitative with an overriding positivist paradigm. Therefore, this thesis basically followed a positivism paradigm with bias in favour of quantitative methods. Also, assessing the measurement model against a set of criteria exhibited reflective characteristics. Consistent with the research paradigm's assumptions and the measurement's model strategy, this thesis justified the set of research tools, which helped collect evidence, analyse evidence and produce findings. Empirically, the development of the research instrument started with generating an item pool from the established literature. During the analysis and evaluation of the findings, this thesis took into consideration existing research benchmarks for reliability and validity.

### 10.3 SUMMARY FROM FINDINGS

The findings of this thesis were primarily anchored on the hypotheses which were assumed and tested for this thesis. The main hypothesis posited that there is a relationship between SE and four major antecedents, stated as:

*Each of the suggested service excellence antecedents, will impact service excellence.*

According to the findings of this thesis in Chapter 9, the main hypothesis was accepted. This was based on finding statistical significance between each of the antecedents and SE, as per the estimated standardised path coefficients between SE and its four antecedents, are reported in Table 9-19. Accordingly, *innovation* had the largest impact on SE. This was followed by *rates*, and *service excellence*. Despite that the *technology* and *service excellence* path appeared less significant, the relationship was clearly positive.

In addition, four hypotheses with their sub-hypotheses were stated, in relations to the four antecedents of SE, namely: *rates*, *technology*, *reputation*, and *innovation*, respectively. The hypotheses are listed hereafter:

*H<sub>1</sub>: The antecedent rates within the conceptual model is positively related to service excellence*

*H<sub>1a</sub> Rates is positively related to charging competitive fees*

*H<sub>1b</sub> Rates is positively related to offering the lowest rates on loans*

*H<sub>1c</sub> Rates is positively related to offering the highest rates on deposit*

*H<sub>2</sub>: The antecedent technology is positively related to service excellence*

*H<sub>2a</sub> Technology is positively related to being secure*

*H<sub>2b</sub> Technology is positively related to providing a sufficient number of ATM's*

*H<sub>2c</sub> Technology is positively related to being reliable and functioning well*

*H<sub>3</sub>: The antecedent innovation is positively related to service excellence*

*H<sub>3a</sub> Innovation is positively related to continually updating products*

*H<sub>3b</sub> Innovation is positively related to offering flexible products that meet customers' needs*

*H<sub>3c</sub> Innovation is positively related to providing reliable and effective remote banking services*

*H<sub>4</sub>: The antecedent reputation is positively related to service excellence*

*H<sub>4a</sub> Reputation is positively related to banks having an excellent overall reputation*

*H<sub>4b</sub> Reputation is positively related to banks offering new products that meet customers' needs*

*H<sub>4c</sub> Reputation is positively related to banks being recognised worldwide*

#### 10.3.1.1 Hypothesis1 - Rates

A positive relationship was found to exist between SE and *rates*. This was supported by the findings of this thesis, Chapter 9. The results were based on achieving statistical significance, *Table9-21*. In other words, offering higher rates on deposits, lower rates on loans and charging competitive fees were perceived to lead to SE, hence, H1 was accepted. With regards to this hypothesis, the findings were also similar to Jones's (2004), where competitive costs (rates) were assumed to have an impact on service excellence of banks. Also, the findings were similar to Athanassopoulos *et al.*'s (2001) whereby pricing was assumed to have an impact on customer satisfaction, and ultimately influence SE.

### 10.3.1.2 Hypothesis 2 – Technology

All *technology* related items showed strong relation to SE, Table 9-22, Chapter 9. The item “My bank's technology is secure” had the most significant relation, followed by “The technology at my bank is reliable and functions well” and “My bank has a sufficient number of ATM’s”. Technology was often addressed in the literature as an important determinant. For example, in Jones (2004), *technology* was addressed as a determinant for SE, and was represented by three different items. Another example was Al Hawari and Ward (2006), in which technology played a significant role in automated banking services quality, and lead to financial performance and customer satisfaction.

### 10.3.1.3 Hypothesis 3- Innovation

All innovation related items were found to be positively related to *innovation* according to the values of their beta paths, Table 9-23. However, the strongest relationship amongst all paths was that between *innovation* and “My bank offers flexible products that meet my needs”. Followed by, “Products are continually updated”, and “My bank provides reliable and effective remote banking services”. Existing research in the literature treated *innovation* as an essential determinant for providing SE. Similarly, Prabhu and Robson (2000) included innovation as an element in process improvement, and assumed a positive relationship with SE in services organisations. Also, in their attempt to assess behavioural responses to customer satisfaction, Athanassopoulos *et al.* (2001) used product *innovation* as one of the critical determinants.

### 10.3.1.4 Hypothesis 4- Reputation

Reputation with all its related items, starting with “My bank has an excellent overall reputation”, “My bank is recognised worldwide”, and ending with “The new products that my bank offer meet our needs”, had positive relations with SE, Table

9-24, Chapter 9. The findings were consistent with other scholars in the literature (Nguyen and LeBlanc 1998; Athanassopoulos *et al.* 2001; Jones 2004).

To conclude, all of the hypotheses from  $H_1$  to  $H_4$  were accepted, based on statistically significant path coefficients, which ascertained nomological validity. The results showed that *innovation* was the most important dimension of Service Excellence followed by *rates*, *technology* and *reputation*. All in all, delivering the promise was found to be the strongest predictor of SE. In addition, offering the highest rates on deposit was the strongest reflected item from *rates*. Also, *technology* most strongly reflected secure banking technology. As for *innovation*, it most significantly reflected products being flexible products that meet customers' needs. Lastly, the strongest reflected item from *reputation* was excellent overall reputation.

#### 10.4 THEORETICAL AND EMPIRICAL CONTRIBUTIONS

This thesis contributes to the body of knowledge within the context of services marketing literature. In particular, three broad areas of contributions can be depicted:

- Establishing Theoretical Development and Understanding of Service Excellence: the thesis extends our knowledge of the SE construct from a services marketing perspective. A differentiation is established between SE and SQ. Based on a thorough review of the literature and enlightened by empirical research, this thesis is the only that establishes a context-specific definition of SE. Investigating the philosophical bases of what a relevant definition should entail, were the basis for generating the definition for this thesis. In addition, service excellence was suggested to be met by exceeding customers' expectations through the provision of outstanding services. SE implies a value adding process, which places service excellence on the high end of the service quality continuum.

- In addition, SE is advocated as a conceptual model, with a clear distinction between the determinants on the service delivery levels (i.e. process versus outcome levels) as opposed to the traditional SQ models.
- Scale Development: This thesis develops a new model, by following a scale development procedure, which integrated several methods. The procedure followed Churchill's (1979) approach to scale development, Anderson and Gerbing's (1988) Two-Step Approach, and Rossiter's (2002) C-OAR-SE procedure for scale development.
- Practical measurement of service excellence based on the validated scale: The scale development was supported by empirical testing, which generated findings from factor analysis and regression analysis. In particular, the empirical research measured SE within the UK banking sector, as part of the bigger financial services sector in the UK. Further, the timing of the measurement 2007-2012 is of special significance given the financial crisis, and its implications on possibly influencing customers' perceptions.

The main contributions are extended for further elaboration which was driven by the attempt to close some of the gaps which existed in the literature, and in line with main objectives of this research. The next section presents details on the main contributions.

### **10.4.1 Theoretical Development and Understanding of Service Excellence**

- a. Conceptualising service excellence through differentiating service excellence from service quality. The differentiation was based on a meta-analysis of the literature review. After which, the comparison was briefed to highlight central differences in the definitions, characteristics, emotional outcome, and assessment models, between both constructs.
- b. Providing a contemporary and dynamic definition of SE. The definition was thought to be as operational, since it included continuity of services to assure

reflecting the differing expectations of customer's based on the on-going competitive changes. Further, as opposed to other definitions in the literature, the definition was context specific to the banking sector.

- c. Classifying the perspectives of SE into organisational theory, information technology, and services marketing related perspectives. As an outcome of this classification, it was realised that although SE focus on different priorities, it is important in all domains, including those that have not been traditionally defined as services industries. Further, there are obvious interrelations between the three major discussed domains. For example, all domains addressed the need of a shift from traditional focus on quality to an advanced level whether addressed in terms of exceeding expectations, adding value or superiority, which all describe excellence.
- d. Identifying the antecedents of the main construct. Despite that it would have been simpler to borrow a complete set of antecedents from the already existing excellence scales (For example see Sharma *et al.* 1990), a new set of antecedents was predicted. As a result, the antecedents reputation, rates, innovation and technology, were chosen based on extracting segregated determinants from the literature, reviewed by an expert review, and following on scale development procedure<sup>35</sup>.
- e. Developing a conceptual model for SE. Despite that a few authors started to rethink the concept of SE, there has not been a directed effort to build a conceptual model with identified determinants to SE within the services marketing domain. Based on this gap, and as a supplement to the development of the measurement model for this thesis, a conceptual model was built. This was based on a new set of SE determinants, and according to a review of the literature. The antecedents were also suggested to be categorised into two levels: Functional-Process and Outcome-Technical.

---

<sup>35</sup> Explained in the Methods Chapter of this thesis, Chapter 5.



### 10.4.2 Scale Development

- a. The main contribution of this thesis was the establishment of a multi- item scale. Guided by the literature, this thesis conveyed that service excellence within the banking context is informed by four antecedents which reflect 17 related items. The scale development procedure followed an integrated approach to scale development, and as per the guidelines which exist in the literature. The development stages of the scale, involved a thorough purification process composed of four phases starting from aligning the items with the literature, followed by card sort exercise, then pre-test pilot study, and ending with exploratory factor analysis.
- b. The scale was validated, with the possibility of extending to other domains. Using SEM with AMOS 18.0 and PASW Statistics 18.0, the results essentially tested the hypothesised model in a sense that the underlying causal relationships gave rise to the displayed observable data, and provided an indication of how well the posited model fit the data.
- c. The scale is considered to be one the best available options, as informed by an alternative model testing, and based on establishing the most optimum model fit. This thesis tested four alternative models based on the recommendations of (Farrell 1994; Frazier *et al.* 2004; Vandenberg and Grelle 2009; Huo *et al.* 2010). Alternative model testing was undertaken, for purposes of ensuring that the structural model of this thesis was the best fitting model. Another purpose was to minimise unexpected variables between indicators for different variables or between indicators and underlying variable (Cheng 2001: 651). The models were built one by one on theoretical and statistical grounds.

### 10.4.3 Practical Measurement of Service Excellence

- a. This thesis is context specific, given the measurement implementation of the developed scale across the banking sector in the UK retail customer base.

Previous research either focused on services organisations as a whole (specifically, Bates *et al.* 2003), or the banking sector in nearby countries (specifically, Jones 2004). A limited number of scholars applied their developed quality scales within the UK banking sector, and no single similar study applied a SE scale across the UK retail banking sector.

- b. Rationalising that service excellence is an integral part of service delivery, based on the significance of the statistical results. The descriptive analysis of banking services providers was utilised to assess customers' perceptions of services excellence. This was based on covering 12 purchased banking services including current account, saving account, loan, credit card, mortgage, life insurance, endowment, house insurance, car insurance, other investment, unit trust, and pension. Also, the results helped gain insight into banking services providers which respondents mainly dealt with for their different banking transactions.

Also, this thesis took into consideration the perceptions of customers in viewing service excellence. This filled one of the gaps in the literature, which tends to target other perspectives, such as employees and managers perspectives (for example, Antonacopoulou and Kandampully 2000; Hesselink and Assem 2002; Jones 2004; Heracleous and Wirtz 2006).

### **10.4 PRACTICAL IMPLICATIONS**

Other than the theoretical and statistical contributions of this thesis, this thesis explored the concept of SE, in an attempt to assist academic researchers and practitioners in grasping service excellence in the retail banking sector in the UK. Also, it provided a practical critique about the conceptualisations and measurement mechanisms related to the concept.

From a services marketing view point, and within the practice of banking, this thesis determined success factors for achieving service excellence in retail banking, which might be useful to managers and marketers in banks. In order to manage service excellence, financial services providers, in particular, retail banks, need to

have a connection with customers understanding. Evaluating service excellence and its influence on the behaviour of customers should be measured in an objective manner (Parasuraman *et al.* 1988). Therefore, the developed multiple-item scale introduced in this thesis is a result of customers perceptions, and used for having a better understanding of customers' perceptions. Managers can benefit from the out coming critical factors in this thesis, while developing their marketing strategies. As such, it should enable banks to focus on achieving SE. in turn, leading to the enhancement of the factors that differentiate the service offerings in banks.

Further, the development of this thesis started in 2007, a time followed by the financial crises which started in 2008. This incident influenced the thoughts and idea generation during the construction of this thesis, and which had to be recorded. Briefly, some of the tackled issues involved the major changes in the banking sector, including mergers and acquisitions and the new forms of retail banks<sup>36</sup>.

To summarise, the managerial application of SE in banks requires overcoming certain challenges as understood throughout this thesis. First, banks need to be ready to tackle intensifying competition not just within the sector, but also from new entrants appearing in the financial services market, such as retailers. Second, retail banks must continuously develop innovative new products and services in light of the changes, challenges and risks described earlier in this thesis. Third, banks should add value to customers' needs that are complex, heterogeneous and difficult to manage.

Central to these challenges are strategies to develop banking services excellence. The utilisation of new technologies, continuous innovations, and new product developments are presented as answers to explore many of the services of traditional banking. For example, the introduction and enhancements to service delivery channels are anticipated to provide many opportunities for retail banks.

---

<sup>36</sup>For a discussion about the recent changes in the banking sector, refer to Chapter Four.

According to the analysis made by Jayawardhena and Foley (2000), the UK banking sector is changing and operates in a competitive market. Therefore, along with other scholars it is predicted that new market entrants with very low operating costs may capture a large market share. Considering the trade-offs that should be made between utilising on new innovations and technologies, versus providing competitive rates, internet banking should be seen as a good channel to minimise operating costs. In fact utilising on technology can be a useful catalyst in payment systems, facilitating the provision of services, and positively influencing the reputation and growth of banks.

It is possible that looking at all the antecedents to excellence highlighted in this research will provide a fully robust and customer oriented solution to outstanding retail banking services.

### **10.5 LIMITATIONS**

Similarly to any academic research, some limitations pertained in this thesis are acknowledged in this section. The limitations relevant to this thesis are classified into two types. The first conceptual in nature, and the second relate to the methodological or philosophical stance that was followed for this thesis. The limitations are explained next.

#### **10.5.1 Conceptual Limitations**

There were some underpinning conceptual limitations in this thesis. This is a summary of the possible limitations:

1. Concerning the developed scale, the literature review highlighted how *excellent employees* might have potentially been an important determinant of SE, and this was explained in Chapter 4 of this thesis. Nonetheless, the statistical and empirical evidence outlined in the factor analysis, and in accordance with the

alternative model testing, Table 9-18, of this thesis, show that the inclusion of *excellent employees* in the proposed scale for this thesis might not be ideal. Therefore, the scope of the developed scale may be considered restricted to some extent.

2. Also the conceptual model might be lacking certain mediating or independent variables such as trust (Wiertz *et al.* 2004), customer satisfaction (Kanji and Wallace 2000), retention (Venetis and Ghauri 2004), loyalty (Ostrowski and O'Brien 1993; Kandampully 1998) and financial performance (Bates *et al.* 2003; Al-Hawari 2006).

### **10.5.2 Methodological Philosophical Limitations**

Most methodologies, if not all, have their innate limitations (Dennis and Valacich 2001). The methodological limitations of this thesis are summarised in the following:

1. The developed scale for this thesis was specifically assessed in the retail banking context. Therefore, an issue of generalizability of the findings might exist. This limitation is widely addressed in the literature.
2. Also, sampling might be an issue. The results would have been more generalizable if a list of customers was provided by each bank to be contacted by the researcher. However, the access to such a list was not possible due to the restrictions that banks have over the confidentiality of their customers. Therefore, the resultant bank names that were provided in this thesis covered the UK banking sector spontaneously. Another limitation lies within the sample used in the qualitative part of this research. The qualitative sample for the in-depth interviews, was a limited number of 15 participants only, and was selected based on ad hoc convenience and proximity. Therefore, the views quoted from the qualitative sample might not be representative. Further, the sample of this

research was cross-sectional based on a defined time period and a specified sector. The results would be more generalizable with the application of longitudinal study. However, a longer-term study was not possible, due to time and cost restrictions. Therefore, the developed scale was tested with a cross sectional sample. The results would have been more favourable in terms of accuracy and validity, had the sample been tested in a longitudinal manner, for example over a period of 3 to 5 years. As such this thesis does not answer the question: Does the perceptions of Service Excellence change overtime? And accordingly, whether the definition of Service Excellence changes overtime.

3. Although following a reflective measurement model was based on systematic guidelines, this option was not without its limitations. Certain issues with reliability and validity of reflective scales have been recorded in the literature (Scott 1995). Alternatively, the formative measurement models are not without their limitations, neither. The results of the formative measurement models may not show consistency and in the findings, and might be hard to reconcile, which harms the reliability of the research (Scott 1995).

### **10.6 FUTURE RESEARCH**

The theoretical and practical contributions of this thesis, in addition to the limitations that were discussed in the previous section, give rise to several future research opportunities. This is discussed in more details in this section in relations to the literature.

### 10.6.1 Extending the Scope of Research

Despite that one of the contributions of this thesis, is its specialisation in the retail banking sector, it would be useful to extend the developed scale to the corporate banking sector and to other sectors within the financial services industry.

Another meaningful research would be a cross-country comparative study between the UK banking sector and the banking sector in emerging countries. It is only recently that understanding bank service excellence, has gained attention in emerging countries. Service excellence is a new topic generally, and emerging countries have started to capture the concept and the importance of developing customised models. In the UAE, Jabnoun and Khalifa (2005) attempted to develop a customised measure of service quality in UAE banks. They developed the components of quality through a brainstorming exercise, after which they developed a questionnaire comprising dimensions of SERVQUAL and two other dimensions called value and image. Jabnoun and Khalifa (2005) used factor analysis, which resulted in two more dimensions, called personal skills and reliability. Similarly, Al-Tamimi and Al Amiri (2003) analysed and compared service quality dimensions between UAE banks. Another example is the Al Marri *et al.* (2007) research which attempted to develop a conceptual model that helps to understand the role of service quality in the banking sector in UAE. They found out that sixteen factors are critical to Total Quality Management implementation success. The factors were top management support, strategy, continuous improvement, benchmarking, customer focus, quality department, quality system, human resource management, recognition and reward, problem analysis, quality service technologies, service design, employees, services capes, service culture and social responsibility. Although it is obvious that Al Marri *et al.* (2007) looked at service quality from a TQM perspective rather than a services marketing perspective, they developed factors which are in common in both fields such as: employees and customer focus.

Angur *et al.* (1999) assessed service quality in the banking industry in India. They examined the performance of service quality alternative measures proposed by Cronin and Taylor (1994). The four alternative measures were the SERVQUAL scale, importance weighted SERVQUAL, the SERVPERF scale, and importance weighted SERVPERF. Similarly, Natarajan *et al.* (1999) investigated the continuous improvement of service operations by designing a customer survey in one of the bank branches of India. Although the SERVQUAL instrument was not directly used, most of its items were adopted.

The developed multi-item service excellence scale in this thesis could be used for a longitudinal research that would assess the construct on a longer term, and would provide a more accurate understanding of the construct. Also, it is supposed to increase confidence in the scale which was developed in this thesis. Further, the application of the developed scale can still be extended beyond banks to other contexts within the financial services industry.

#### **10.6.2 Linking Service Excellence to Financial Performance**

The developed scale in this thesis can be linked with financial indicators such as profitability and efficiency, hence, extending its application from services marketing to finance. It is natural to ask whether an organisation can afford initiatives such as the service excellence antecedents. Evidence suggests that organisations cannot afford not to invest in the service excellence. In recent decades, the term quality has expanded beyond the classical interpretation of: satisfying customer expectations related to the supplied product, to include not only the delivery of excellence to a variety of stakeholders, but also the financial aspects of organisational performance (Boys *et al.* 2004). The whole idea of defining performance as the ability of a firm to transform its resources to generate outcomes has been used extensively in marketing and strategy literature. Research has also



been devoted to find out how this transformation is attuned to the overall objectives of organisations.

Early work on performance assessment in marketing borrowed from the productivity concept in manufacturing area which was measured as output per unit input. In marketing, this output to input ratio concept has been applied with financial measures factored by a proxy of efforts, which is also often financial (Bonoma and Clark 1988; Mukherjee *et al.* 2002). Therefore, several methodologies were followed, basically from the financial management literature, and were used to assess financial performance in the marketing literature. On the other side, such methodologies are classified in to two general classifications (Eberl and Schwaiger 2005; Al- Hawari and Ward 2006).

1. Subjective: subjective methodologies refer to financial performance in the eyes of stakeholders.
2. Objective: objective methodologies depend on more or less financial measures reported by the company itself (Reinartz et al. 2004), such as financial ratios (Appiah-Adu 1998).

Objective measures are sometimes preferred over subjective measures (Jaworski and Kohli 1996; Eberl and Schwaiger 2005) due to being straight to the point and accurate, with no space for personal judgments. However, the sole use of objective performance measures, such as growth, is not an accurate measure of firm performance (Dawes 1999). On the other side, subjective performance measures, are used in marketing and strategy literature, and are found as reliable, but not as accurate.

In consequence, and stemming from a triangulated methodological approach, a combination of both objective and subjective measures has already been initiated

by the author and will commence in the near future, similar to previous studies (Al-Hawari and Ward 2006; Pont and Shaw 2003). Firstly, because of finding a strong association between objective and subjective measures of performance in other studies, and secondly, to overcome inaccuracies caused by using separate objective measure (Dawes 1999). Combining the two approaches maximises the advantages and overcomes the weaknesses associated with using one method only. Such methodologies include financial ratio analysis, measuring performance against budget, benchmarking, absolute measures such as cash flow (Raju and Lonial 2002), net profits, sales or a combination of these (Avkrian 1995).

Interest in the impact of service delivery on performance, particularly between service quality and profit, started with the PIMS study (Profit Impact of Market Strategy) (Buzzell and Gale 1987). The intention was to establish empirical evidence within certain industries, on strategies which lead to success. Some of the significant determinants researched were: service quality, product quality, market share, and investment intensity, which were all found to be significantly correlated with profitability. In consequence, other studies have followed the PIMS to explore other factors and confirm the relationships between them including service processes, retention, customer satisfaction, staff satisfaction, revenue and profit (see for example, Rust and Zahorik 1993; Jones and Sasser 1995; Rust *et al.* 1995; Schneider and Bowen 1995; Voss and Johnston 1995; Heskett *et al.* 1997; Loveman 1998).

According to the previous studies, an increased emphasis on excellence can enhance the financial position of an organisation in two ways: first one effect is the improved ability of the firm to attract new customers, and the increased firm's ability to advertise the quality of its offerings due to the positive word of mouth. This effect, in many ways, is analogous to product repositioning and is part of "offensive marketing" (Rust *et al.* 1995); or the actions that seek to attract new customers. Another outcome is that when current customers are more satisfied with the products they buy, they become repeat customers. Small increases in retention rates

can have a dramatic effect on the profits of a company (Reichheld and Sasser 1990; Payne and Rickard 1993). This is normally because existing customers tend to purchase more than new customers (Rose 1990).

In the banking industry, service excellence plays a significant role since it is directly linked to profitability (Al- Tamimi and Al- Amiri 2003). The banking sector is one of most vital sectors in an economy, and the importance of adequately measuring the performance of banks has been recognised for a long time. Bank financial performance have traditionally measured both risk and return (Hempel *et al.* 1986), based on the principle which states that the higher the risk the higher the expected return, vice versa. For example, the potential connection between banks' risk and profit efficiency, has been explored (Fan and Shaffer 2004), while the objective of financial services organisations has been described as that of earning acceptable returns and minimising risks associated to that return (Duncan and Elliott 2004). On the conceptual front, a bank typically performs two functions: it provides products and services to its clients and engages in financial intermediation and management of risk. The servicing function is typically measured using the level of quality service provided and intermediation activity is measured using its risk management skills (Harker and Zenios 1999).

There is empirical evidence of the impact of service level on the performance of financial institutions (Duncan and Elliott 2004), and also that of risk-taking skills on the overall performance (Santomero and Babbel 1997). In particular, the relationship between service quality and profitability has been examined in some empirical studies. The results of all these studies indicate the existence of a positive relationship between service quality and profitability. For instance, Duncan and Elliott (2002) examined the relationship between service quality and financial performance among a representative cross-section of Australian banks and credit unions. They found that all financial performance measures used were positively correlated with service quality scores.

Further, the effect of service excellence makes the bank profitable (Kim and Kleiner 1996), because many banks are striving to continuously provide higher quality products, which in turn are more costly, but could still be as profitable because they are able to ask for a price premium. It is also confirmed that service excellence can even help cut costs in the long term, because it makes employees more attentive to details, by reducing errors and the related corrections, and it can boost revenues by increasing customer loyalty (Kim and Kleiner 1996). Although we would argue, that Kim and Kleiner used the terms service quality and service excellence interchangeably, we still advocate that repeated business is the foundation for a growing market share, and that service excellence is a critical strategy for the profitability and further for the survival of the organisation. In addition, it is proposed that customer perceptions and preferences of service excellence have a significant impact on a bank's success. Analysing markets based on customer perceptions, designing a service delivery system that meets customer needs, and improving service performance levels are essential objectives for banks to gain and retain a competitive advantage (Al- Hawari and Ward 2006).

On the other side, for some organisations, service excellence is not the main selling point and a strategic decision has been made to focus on low prices and reduced service levels. But, this is a less successful strategy than one focused on delivering service excellence, because good service may require more employees and larger asset investment putting downward pressure on measures such as turnover per employee and asset utilisation (Bates *et al.* 2003). However, once an organisation gains a reputation for service excellence it can improve profit per employee and reap the rewards of high net margins, driving up its returns on total assets (ROTA) (Bates *et al.* 2003).

Generally, whether measured in terms of total assets, turnover or number of employees, both large and small organisations are capable of being both excellent and poor (Bates *et al.* 2003). It has also been suggested that provision of better services is staff intensive, but yields significantly greater profit per employee. The better service providers have better ROE and ROTA than the poorer ones (Bates *et*

*al.* 2003). We would only argue with the previous study analysed by Bates *et al.* (2003), in that it has attempted to compare organisations which are very different in nature, from different countries, with different accounting systems and practices. In part, these problems were created by the way the organisations were chosen and as a result several of them, such as public sector organisations, could not be included in the database. Therefore, future research should refine the findings further using more focused data from a set of country and sector specific organisation, such as the banking sector.

### **10.6.3 Banking Profit Efficiency**

While this thesis has emphasised modelling service excellence as the main construct, it would be interesting to link to banking efficiency, being one of the most important performance measures (Rao and Miller 2004; Phusavat and Photaraon 2006). The importance of efficiency is reflected in the large body of the literature, dedicated to describing approaches to measuring the performance of financial institutions. Researching banking efficiency originated with a focus on cost characteristics (Berger and Humphrey 1997). This evolved more recently towards an emphasis on profit efficiency, which recognised that some banks may have made a rational strategic choice to provide higher quality products that are more costly but not less profitable because they are able to command a premium price. Although many empirical studies have explored the pattern and determinants of banks' efficiency, most of them have focused on cost efficiency. One of the first measures of banking efficiency provided was derived from a profit function, whereby substantial levels of inefficiency were found, with about half of all potential variable profits lost to inefficiency, mainly due to suboptimal output revenues, rather than to excessive costs (Berger *et al.* 1993). Such findings also indicate that larger banks are more efficient than smaller banks (Berger *et al.* 1993).

While other studies have subsequently explored the impact on profit efficiency of a variety of factors, including banks' age (DeYoung and Hasan 1998),

measures of output (Rogers 1998), mergers (Avkiran 1999), ownership (Altunbas *et al.* 2001), geographic expansion (Berger and DeYoung 2001), deregulation (Humphrey and Pulley 1997; Kumbhakar *et al.* 2001) and product scope (Venet 2002), a consistent finding in the literature is that banks' inefficiencies tend to be more severe in profits than in costs, and are driven more by deficient revenues than by excessive costs (Maudos *et al.* 2002).

Generally, evaluations of commercial banks efficiency/performance have been approached from a variety of dimensions. The first approach on efficiency evaluation of banks has used a variant of ratio analysis among several banks using a number of financial ratios (for example, return on assets and return on investments). Ratio analysis has been used largely in financial statement analysis for both normative and positive purposes (Whittington 1980; Al- Shammari and Salimi 1998; Stratopoulos *et al.* 2000). The normative approach compares a firm's ratio to a benchmark such as an industry average to judge its performance. The positive approach uses ratios to predict future performance such as earnings and also to predict bankruptcy and assess the riskiness of the firm. Both the normative and positive approaches have had some success. One of the primary reasons for using ratios is to control for the effect of size on the financial variables being studied so that one can compare different firms or compare a firm to an industry average

Basically, financial ratios can measure the overall financial soundness of a bank and the operating efficiency of its management. These ratios promise to provide valuable information about a bank's financial performance when compared with previous periods and for peer ranking. However, due to the complex nature of banking operations, it is important not to emphasise on analysing one ratio solely, in isolation of other ratios (Davidson 2001). Therefore, the literature used different financial ratios to evaluate banking performance, rather than referring to a unified set of ratios (Al- Shammari and Salimi 1998). Moreover, it has been suggested not to benchmark ratios, because benchmarking ratios could be misleading (Yeh 1996). According to the literature, the most commonly used ratios to assess banking performance are profitability ratios, such as the return on assets (ROA), average

assets utilisation and return on equity (ROE) (Soteriou and Zenious 1998; Al Hawari and Ward 2006). The frequently used ROE is sometimes decomposed according to the well-seasoned DuPont system of financial control, covered in most introductory financial statement analysis and corporate finance textbooks such as Ross (1999: 35). Moreover, publications targeted for a practitioners audience frequently focus on well-known accounting ratios such as the cost asset ratio (Davidson 1997). Traditionally, source data for financial ratios have been obtained from organisations financial statements reported in annual report, accounts, stock exchange listings or in databases such as Bank Scope, and Dun & Bradstreet listing of UK financial services organisations Fame, Amadeus...etc. (Appiah- Adu *et al.* 2001). The second approach is parametric programming approach, which assumes that all banks are operating efficiently and measures economies of scales, thus concentrates on the production or cost function base. It focuses on estimating the characteristics of the function and measuring economies of scale assuming all banks are operating efficiently. The third approach uses bank efficiency frontiers to construct measures of efficiency and can be labeled as a non-parametric programming approach. This approach considers how much total productivity in the banking sector can be improved, and can be used to rank the efficiency scores of banks (Oral and Yolalan 1990). Empirical studies have utilised this tactic to explain the economies of scale of banks (Resti 1994; Berg *et al.* 2001), focus on the allocative efficiency and pure technical efficiency issues in banks (Aly *et al.* 1990; Yue 1992) and extend the approach to evaluate the value of bank resources and its cross-default clauses (Childs *et al.* 1996).

Based on the above discussion of literature it is argued that service providers need to ensure the delivery of excellent services, especially that service providers, and particularly banks, are being perceived as providers of very similar alternatives. In addition, efforts to attain service excellence, have little prospects of success without proper measurement, measurement that not only tells the organisation where it has been but also where it is going, this is done by tangible measures such as those of a financial nature. Based on the demonstrated relationships which exist in the literature, between the identified constructs in this thesis, and financial

performance, one could say that emphasizing service excellence literally pays off (Christopher *et al.* 1991). Future extension of the current research would likely depend on financial ratio analysis. In the banking sector, this has been an accepted method to assess financial performance and has been widely used to build a good picture of performance and the business. As such, it would be used to characterise bank efficiency. Delight and Retention as Mediating Variables

Customer satisfaction no longer constitutes the convincing focus for success, as it has been replaced by customer delight (Brown *et al.* 1992). The reason is that satisfying customers is not enough, with a compelling need to delight customers if a competitive advantage is to be achieved (Timmers and van der Wiele 1990). Exceptional service which delights customers requires that organisations undertake continuous service innovation, which is defined as a process involved in the transformation of an organisation dormant assets, referring to service elements which include technology, service processes, environment and people, into something of substantially greater value to both the customer and the organisation (Kandampully 1997). In today's competitive environment, customers' expectations and technological innovation demand the service leaders distinguish themselves from the competition by truly delighting the customer (Kandampully 1997).

It is suggested that delight is an expression of very high satisfaction resulting from surprisingly good performance (excellent service) (Oliver *et al.* 1997). It is also often assumed that delight is the result of excellent service that exceeds expectations (Grönroos 1990; Schneider and Bowen 1999). Delight encompasses a higher state of positive emotion than mere satisfaction and is a result of a firm surpassing the consumer's norm-based expectations, it captures value delivered that often shifts the performance benchmark higher. Some of the studies that have laid the foundation for this enhanced level of satisfaction leading to pleasant surprise or delight are Mano and Oliver (1993), Kumar and Olshavsky (1996), Oliver *et al.* (1997), Rust and Oliver (2000), Rust *et al.* (1994) and Westbrook and Oliver (1991).



Bitner *et al.* (2000: 146) state that “an effective way to satisfy customers during service encounters is to provide them with pleasing experiences they do not expect”. Such pleasant experiences can result in what is called “spontaneous delight”, in the context of services (Bitner *et al.* 2000). Since, delight, is an emotion described as human affects resulting from judgments about satisfaction with a service (Oliver *et al.* 1997), it is now more accepted to conceptualise satisfaction as a continuum often expressed in terms of emotions. Emotional anchors for the extremes of the satisfaction continuum include delight to outrage (Schneider and Bowen 1999) and the intensity of emotion using descriptors such as absolutely furious (Prakash 1991; Johnston 1998). Some research has demonstrated that emotions play a major role in perceived levels of service quality and satisfaction (Liljander and Strandvik 1997). For example, Dube and Menon (1998) linked feelings of anger and frustration to decreases in dissatisfaction and emotions such as serenity and happiness with increases in satisfaction. Yu and Dean (2001) took this further and found that emotions are a better predictor of customer loyalty than satisfaction. SE results in feelings at one end of this emotional spectrum, namely: delight, instead of the traditional notion that service quality leads to customer satisfaction. Alternatively, at the other end of the spectrum poor service as opposed to service excellence is met by customer dissatisfaction.

The challenge is that, over quality may give the impression that the service is overpriced, even when in fact it might not be (Grönroos 1990). Moreover, an over quality may simply be perceived by the customer to exceed what is really needed, which in turn can even create bad word-of-mouth. Additionally, it is argued that as delivered service quality increases so might customers’ expectations of subsequent service. As a result, what might have been regarded as excellent services become simply adequate services, unless services providers continue to invest in this spiral of increasing quality and exceeding expectations (Johnston 2004). Hence, exceeding expectations might indicate that organisations have to continually do more in order to deliver excellent service and delight their customers.

Customer delight, or elsewhere described as the higher level of satisfaction, is linked to customer retention, which has also shown to have a direct impact on revenue and profitability (Rust and Zahorik 1993; Anderson *et al.* 1994; Rust *et al.* 1995; Loveman 1998). Loyal customers, as a result of delight from service excellence, continue to purchase the service, generate long term revenue streams, tend to buy more, and may be willing to pay premium prices, all of which increase revenue and profitability (Heskett *et al.* 1994). Further, it has been shown that customer loyalty is a more important predictor of profitability than market share (Reichheld and Sasser 1990; Reichheld 1996). Loyal customers may also lower marketing costs since retaining customers is normally cheaper than attracting new ones (Berry 1995; Mittal and Lassar 1998; Doyle 2000), or simply put customers loyalty drive profitability and growth (Heskett *et al.* 1994).

The relationship marketing concept, has directed organisations' emphasis away from the traditional transaction or sales-oriented business strategy towards that of attraction and retention (Berry 1995). This shift in focus manifests acknowledgement of the lifetime value of a customer, as opposed to the one time sale (Zeithaml and Bitner 1996). Organisations have realised that it is five times more expensive to attract a new customer than it is to retain an existing one (Heskett *et al.* 1990). In addition, the yardstick by which an exceptional service organisation may be measured is its returning customer ratio: the loyal customer base (Kandampully 1998). Further, evaluating the impact of service excellence through customer retention will help organisations to gauge the financial impact of service quality (Zeithaml *et al.* 1996). Furthermore, it is argued that a company can presumably increase its revenues and profits by inducing its existing customers to increase their usage (Barsky 1994). For example, retaining customers and trying to encourage them into more profitable states for their banks seems an appropriate customer service strategy (Dawes and Swailes 1999). This profitability is assumed to result from quality because higher quality leads to satisfied customers (Anderson *et al.* 1994) and satisfied customers tend to use more of a service or product (Barsky 1994).

The impact of satisfaction and delight on retention has been well-documented (Rust and Zahorik 1993; Anderson *et al.* 1994; Jones and Sasser 1995; Rust *et al.* 1995; Loveman 1998). Variables such as service recovery, is believed to have a high pay-off in terms of customer loyalty (Heskett *et al.* 1990; Berry and Parasuraman 1991; Bailey 1994; Spreng *et al.* 1995). It is explained that a good recovery can turn angry, frustrated customers into loyal ones (Hart *et al.* 1990). Satisfaction with the complaint processes has also shown a clear relationship with loyalty and re-purchase intentions (Halstead and Page 1992). Research found that customers who were just satisfied were significantly less loyal than delighted customers (Jones and Sasser 1995). Given that a large proportion of delighting outcomes were the result of service recovery/dealing well with problems (Johnston 1995), it is suggested that service recovery could be an important element, resulting in customer retention, and enhancing profitability.

Overall, emotion is an element of the service delivery process, in many services related contexts (Kanadamapully 1993) and plays an important role in shaping the customer's perception of service excellence. The emotional element, delight, in the service process is indeed that which subsequently constitutes the genesis of the all-important relationship, which leads the customer to buy repeatedly or exclusively from that service provider (Butz and Goodstein 1996). Moreover, the challenge for an organisation is not merely to reach the top by providing excellent services, but to stay there. If that is an organisation's aim, its primary focus should not be to attract customers only, but to obtain their retention, not only for the present, but also for the long term.

#### **10.6.4 Linking Service Excellence to Trust and Trustworthiness**

Currently, collaborative research efforts have already being assembled with a group of researchers, including the author, to link SE with trust and trustworthiness. This construct has been selected because, the significance of trust for the evolution of relationships in the financial services sector are obvious (Harrison 2003; Ennew *et*

*al.* 2011). Trust is important because financial institutions are responsible for giving advice to customers about their funds (Harrison 2003: 206). In spite of the importance of trust in marketing, the scholarly inquiry on the issue is quite hindered in several ways (Gounaris 2003). Furthermore, with regards to services marketing the empirical evidence is even less obvious despite the fact that services are increasingly becoming a vital component of the service delivery (Gounaris 2003). Based on this gap, the ongoing empirical research is attempting to investigate the relationship between trust, trustworthiness and SE, which are positioned as three distinct constructs. The sample for the extended research was collected from three different countries: UK, India and Australia. Hence, the analysis will reveal comparative findings. As far as the research team's knowledge, this study will be the first of its kind to link the three distinct, yet possibly correlated constructs in a wide ranging comparative study.

Nevertheless, the literature documents empirical evidence of linking trust with service quality and other constructs including satisfaction, commitment, and loyalty (Caceres and Paparoidamis 2007). Customer loyalty, resulting from organisation's achieving their promises, is a prime determinant of long-term financial performance of firms (Jones and Sasser 1995). This is particularly true for service firms where increased loyalty can substantially increase profits (Reichheld and Sasser 1990; Reichheld 1996). Service firms focus on achieving customer satisfaction and loyalty by delivering superior value, an underlying source of competitive advantage (Woodruff 1997) all of which translates into long- term customer relationships (and trust), as well as profit and market share growth. This long bonding relationship between the organisation and customer will lead to customer retention, leading to customer retention which is assumed, to depend on perceptions of service quality, and is considered less expensive than investing in attracting new customers.

In their study, Caceres and Paparoidamis (2007) found a clear pattern of service quality dimensions including empirical verification of the mediating roles of overall relationship satisfaction, loyalty attributes and trust. However, their research used the Grönroos's (1988) conceptualisation, instead of building a distinct scale.

Hence, future research extensions in this domain are focused on updating the current thesis's scale to involve trust and trustworthiness.

### 10.7 CONCLUSION

This thesis evaluated and measured the concept of service excellence in banking. The evaluation resulted in distinguishing between service quality and service excellence by defining and identifying components of SE. Further the thesis measured SE by developing, refining and validating a multiple-items scale for Modelling service excellence in the UK retail banking sector, and according to the perceptions of customers. The developed scale is used as the research instrument to collect data about UK retail banking banks to investigate whether the hypothesised antecedents are considered valid criterion for identifying those banks which provide excellent services.

Future extensions of this research will require extending the scope to include comparative cross-countries research, comparative conventional versus Islamic banking customer perceptions, online banking customers perceptions of SE, and comparisons to other sectors in the financial services industry. Further extensions would be likely linkages with other constructs including but not limited to: Financial performance, efficiency and trust. Finally, work is in progress to publish the outcome of this thesis in *Journal of Financial Services Marketing*, *International Journal of Financial Services Management*, and *Journal of Bank Marketing*.

## REFERENCES

Abbey National Survey (1998), The Independent, in Newman K. (2001) "Interrogating SERVQUAL: a Critical Assessment of Service Quality Measurement In A High Street Retail Bank," *International Journal of Bank Marketing*, 19 (3), 126 – 139.

Abratt, R. and Joy, R. (1999), "Relationship Marketing in Private Banking in South Africa," *International Journal of Bank Marketing*, 17 (1), 5-19.

Achrol, R. (1991), "Evolution of the Marketing Organisation: New Forms for Turbulent Environments," *Journal of Marketing*, 55 (October), 77-93.

Adamson, I., K-M., Chan, and D., Handford (2003), "Relationship Marketing: Customer Commitment and Trust as a Strategy for the Smaller Hong Kong Corporate Banking Sector," *International Journal of Bank Marketing*, 21 (6/7), 347-58.

Adapa, S. (13-17 July, 2009), "Antecedents to Continued Usage of Internet Banking: Empirical Evidence from Australian Consumers," in Proceedings of the 4th. Annual Faculty of the Professions Postgraduates Research Conference: Bridging the Gap between Ideas and Doing Tasks, University of New England, Australia, 1-14.

Adapa, S. (August 2011), "Continued And Frequent Use of Internet Banking by Australian Consumers: Identification of The Factor Components," *Journal of Internet Banking and Commerce*, 16 (2), 1-22.

Ahmad, R. (2005), "A Conceptualisation of A Customer-Bank Bond in the Context of the Twenty-First Century UK Retail Banking Industry," *International Journal of Bank Marketing*, 23 (4), 317 - 33.

- Ahmad, R., and F., Buttle (2002), "Customer Retention Management: A Reflection of Theory and Practice," *Marketing Intelligence & Planning*, 20 (3), 149-61.
- Akbaba, A. (2006), "Measuring Service Quality in the Hotel Industry: A Study in a Business Hotel in Turkey," *Hospitality Management*, 25 (2), 170-92.
- Akdag, H., and M., Zineldin (2011), "Strategic positioning and Quality Determinants in Banking Service," *The TQM Journal*, 23 (4), 446-57.
- Akinci, S., S., Aksoy, and E., Atilgan (2004), "Adoption of Internet Banking Among Sophisticated Consumer Segments in an Advanced Developing Country," *International Journal of Bank Marketing*, 22 (3), 212-32.
- Aladwani, A. M. (2001), "Online Banking: A Field Study of Drivers, Development Challenges, and Expectations," *International Journal of Information Management*, 21 (3), 213-25.
- Aldlaigan, A. H., and F. A., Buttle (2002), "SYSTRA-SQ: A New Measure of Bank Service Quality," *International Journal of Service Industry Management*, 13 (4), pp. 362-81.
- Al-Hawari, M., and T., Ward (2006), "The Effect of Automated Service Quality on Bank Financial Performance and the Mediating Role of Customer Retention," *Journal of Financial Services Marketing*, 10, 228-43.
- Allen, F., J., McAndrews, and P., Strahan (2002), "E-finance: An Introduction," *Journal of Financial Services Research*, 22 (1-2), 5-27.
- Allen, F., and A. M., Santomero (1997), "The Theory of Financial Intermediation," *Journal of Banking & Finance*, 21 (12), 1461-85.

Allen, I., E. and C. A., Seaman (2007), "Likert Scales and Data Analyses," [online] available from

<http://dns1.asq.org/quality-progress/2007/07/statistics/likert-scales-and-data-analyses.html>.

Al-Marri, K., A. M. M., Baheeg Ahmed, and M., Zairi (2007), "Excellence in Service: An Empirical Study of the UAE Banking Sector," *International Journal of Quality & Reliability Management*, 24 (2), 164-76.

Al-Rayes, R. (2006), "Measuring Service Excellence in Banking Industry Using an Integrated Approach. An Empirical Study in the Saudi Context," School of Management, University of Bradford.

Al-Shammari, M., and A., Salimi (1998), "Modelling the Operating Efficiency of Banks: A Nonparametric Methodology," *Logistic Information Management*, 11 (1), 5-17.

Al-Tamimi, H. A., and A., Al- Amiri (2003), "Analysing Service Quality in the UAE Islamic Banks," *Journal of Financial Services Marketing*, 8 (2), 119–32.

Altunbas, Y., L., Evans, and P., Molyneux (November 2001), "Bank Ownership and Efficiency," *Journal of Money, Credit and Banking*, 33 (4), 926-54.

Aly, H. Y., R., Grabowski, C., Pasurka, and N., Rangan (May 1990), "Technical, Scale, and Allocative Efficiencies in U.S. Banking: An Empirical Investigation," *The Review of Economics and Statistics*, 72 (2), 211-18.

Anderson, E., C., Fornell, and D., Lehmann (1994), "Customer Satisfaction and Word of Mouth," *Journal of Service Marketing*, 1 (1), 5-17.



Anderson, W., C., Fornell, and R.T., Rust (1997), "Customer Satisfaction, Productivity, and Profitability: Differences Between Goods And Services", *Marketing Science*, 16 (2), 129-45.

Anderson, J. C., and D. W., Gerbing (1991), "Predicting the Performance of Measures in A Confirmatory Factor Analysis with a Pretest Assessment of Their Substantive Validities," *Journal of Applied Psychology*, 76 (5), 732-40.

Anderson, J., and D., Gerbing (1988), "Structural Equation Modelling in Practice: A Review and Recommended Two-Step Approach," *Psychological Bulletin*, 103 (3), 411-23.

Angur, M. G., R., Nataraajan, and J. S., Jahera Jr (1999), "Service Quality in the Banking Industry: An Assessment in a Developing Economy," *International Journal of Bank Marketing*, 17 (3), 116 - 25.

Antonacopoulou, E., and J., Kandampully (2000), "Alchemy: the Transformation to Service Excellence," *The Learning Organization*, 7 (1), 13 - 22.

Appiah-Adu, K. (1998), "Market Orientation and Performance: Empirical Test in a Transition Economy" *Journal of Strategic Marketing*, Vol. 6 (No. 1), 5-17.

Appiah-Adu, K., A., Fyall, and S., Singh (2001), "Marketing Effectiveness and Business Performance in the Financial Industry," *Journal of Services Marketing*, 15 (1), 18-34.

Ashton, J. K. (2001), "Market Definition of the UK Deposit Savings Account Market," *Regional Studies-Cambridge and New York*, 35 (6), 577-84.

Asubonteng, P., K. J., McCleary, and J. E., Swan (1996), "SERVQUAL Revisited: A Critical Review of Service Quality," *Journal of Services Marketing*, 10 (6), 62-81.

Athanassopoulos, A., (1998), "Another Look into the Agenda of Customer Satisfaction: Focusing on Service Providers Own and Perceived Viewpoints," *International Journal of Bank Marketing*, 15 (7).

Athanassopoulos, A., S., Gounaris, and V., Stathakopoulos (2001), "Behavioural Responses to Customer Satisfaction: An Empirical Study," *European Journal of Marketing*, 35 (5/6), 687 - 707.

Athanassopoulos, A. D. (1999), "Customer Satisfaction Cues to Support Market Segmentation and Explain Switching Behaviour," *Journal of Business Research*, 47 (3), 191-207.

Avkiran, N. (1999), "An Application Reference for Data Envelopment Analysis in Branch Banking: Helping the Novice Researcher," *International Journal of Bank Marketing*, 17, 206-20.

Avkiran, N. K. (1994), "Developing an Instrument to Measure Customer Service Quality in Branch Banking," *International Journal of Bank Marketing*, 12 (6), 10-18.

Azhashemi, M. A., and S. K.M., Ho (1999), "Achieving Service Excellence: A New Japanese Approach versus the European Framework," *Managing Service Quality*, 9 (1), 40 - 46.

Bagozzi, R. P. (1994), *Principles of Marketing Research*, Cambridge: Blackwell.

Bagozzi, R. P., and C., Fornell (1982), "Theoretical Concepts, Measurement, and Meaning," in a *Second Generation of Multivariate Analysis*, Vol. 1, ed. R., Bagozzi, New York: Praeger.

Bagozzi, R., P., Y. Yi, and L. W. Phillips (1991), "Assessing Construct Validity in Organizational Research," *Administrative Science Quarterly*, 36 (3), 421-58.

Bahia, K., and J., Nantel (2000), "A Reliable and Valid Measurement Scale For Perceived Service Quality of Bank," *International Journal of Bank Marketing*, 18 (2), 84-91.

Bailey, D., (1994), "Recovery from Customer Service Shortfalls," *Managing Service Quality*, 4 (6), 25-28.

Bank of England (2004), "Annual Report," 1-43, [online] available from <<http://www.bankofengland.co.uk/publications/Documents/annualreport/2004report.pdf>>

Bank of England (2010), "Evolution of the UK Banking System," London, 323-32, [online] available from <<http://www.bankofengland.co.uk/publications/Documents/quarterlybulletin/qb100407.pdf>>

Bank of England (2011), "Annual Report," 1-45 [online] available from <<http://www.bankofengland.co.uk/publications/Documents/annualreport/2011/2011full.pdf>>

Bank of International Settlements (2009), "Annual Reports 2008-2009: the Global Financial Crisis," Basel: BIS Research Department [online] available from <<http://www.bis.org/list/conferences/index.htm>>

Banks, J., and S., Tanner (1999), Household saving in the UK, London: Institute for Fiscal Studies [online] available from <<http://discovery.ucl.ac.uk/14176/1/14176.pdf>>

Barrett, P. (2007), "Structural Equation Modelling: Adjudging Model Fit" *Personality and Individual Differences*, 42 (5), 815-24 [online] available from <[http://www.pbarrett.net/publications/Adjudging\\_Model\\_Fit\\_Barrett\\_2007.pdf](http://www.pbarrett.net/publications/Adjudging_Model_Fit_Barrett_2007.pdf)>

Barsky, J. (1994), *World-Class Customer Satisfaction*, Burr Riedge, IL: Irwin Professional Publishing.

Bates, K., H., Bates, and R., Johnston (2003), "Linking Service to Profit The Business Case for Service Excellence," *International Journal of Service Industry Management*, 14 (2), 173-83.

Baumgartner, H. and C., Homburg (1996), "Applications of Structural Equation Modelling in Marketing and Consumer Research: A Review," *International Journal of Research in Marketing*," 13 (2), 139-61.

Baxter, R. (2009), "Reflective and Formative Metrics of Relationship Value: A Commentary Essay," *Journal of Business Research*, 62 (12), 1370-77.

Bejou, D., and C. T., Ennew (1997), "Does Organizational Excellence Predict Performance: The Case of Retail Banking," *Journal of Financial Services Marketing*, 2 (1), 55-64.

Bell, E. and A. Bryman (March 2006), "The Ethics of Management Research: An Exploratory Content Analysis," *British Journal of Management*, 18 (1), 63-77.

Bell, S. and B. Menguc (2002), "The Employee-Organization Relationship, Organizational Citizenship Behaviors, and Superior Service Quality, *Journal of Retailing*, (78), 2, 131–146.

Bentler, P. M. (1990), "Comparative Fit Indexes in Structural Models," *Psychological Bulletin*, 107 (2), 238-46.

Berger, A. N. (2003), "The Economic Effects of Technological Progress: Evidence from the Banking Industry," *Journal of Money, Credit and Banking*, 35 (2), 141-76.

Berger, A. N., and R., DeYoung (2001), "The Effects of Geographic Expansion on Bank Efficiency" *Journal of Financial Services Research*, 19 (April), 2-3.

Berger, A. N., D., Hancock, and D. B., Humphrey (1993), "Bank Efficiency Derived from the Profit Function," *Journal of Banking and Finance*, 17, 317-47.

Berger, A. N., and D. B., Humphrey (1997), "Efficiency of Financial Institutions: International Survey and Directions for Future Research," *European Journal of Operational Research*, 98, 175-212 [online] available from  
<[http://www.isu.ac.ir/Farsi/Academics/economics/edu/New\\_Folder/dlc1/lectures/lecture%204/berger-efficiency.pdf](http://www.isu.ac.ir/Farsi/Academics/economics/edu/New_Folder/dlc1/lectures/lecture%204/berger-efficiency.pdf)>

Bernard, H. R. (2000), *Social Research Methods: Qualitative and Quantitative Approaches*, London: Sage.

Berry, L.L., A., Parasuraman, and V. A., Zeithaml (1988), "SERVQUAL: A Multiple-Item Scale For Measuring Consumer Perceptions Of Service Quality," *Journal of Retailing*, 64 (No. 1), 12-40.

Berry, L. L., V. A., Zeithaml, and A., Parasuraman (1990), "Five Imperatives For Improving Service Quality," *Sloan Management Review*.

Berry, L. L., and A., Parasuraman (1991), *Marketing Services*: Free Press New York.

Berry, L.L., A., Parasuraman, and V. A., Zeithaml (1994), "Improving Service Quality in America: Lessons learned," *Academy of Management Executive*, Vol. 8 (No. 2), 32-52.

Berry, L. L. (1995), "Relationship Marketing of Services--Growing Interest, *Emerging Perspectives*," Vol. 23, 236-45.

Berry, L. L., V., Shankar, J., Parish, S., Cadwallader, and T., Dotzell (2006), "Creating New Markets through Service Innovation," *MIT Sloan Management Review*, 47 (2), 56-63.

Bick, G., A. B., Brown, and R., Abratt (2004), "Customer Perceptions of the Value Delivered By Retail Banks in South Africa," *International Journal of Bank Marketing*, 22 (5), 300-18.

Bitner, M. J., B. H., Booms, and M. S., Tetreault (1990), "The Service Encounter: Diagnosing Favorable and Unfavorable Incidents," *Journal of Marketing*, 54 (January), 71-84.

Bitner, M. J. (1992), "Services Capes: The Impact of Physical Surroundings on Customers and Employees," *Journal of Marketing*, 56, 56-71.

Bitner, M. J., S. W., Brown, and M. L., Meuter (2000), "Technology Infusion in Service Encounters," *Journal of the Academy of Marketing Science*, 28 (1), pp. 138-49.

Bitner, M. J. (2001), "Service and Technology: Opportunities and Paradoxes," *Managing Service Quality*, 11 (6), 375 - 79.

Blanchard, R. F., and R. L., Galloway (1994), "Quality in Retail Banking," *International Journal of Service Industry Management*, 5 (4), 5 - 23.

Blattberg, R. C., and Deighton, J. (1991), "Interactive marketing: exploiting the age of accessibility," *Sloan Management Review*, 33, (1), 5-14.

Bloemer, J., K., de Ruyter, and M., Wetzels (1999), "Linking Perceived Service Quality and Service Loyalty: A Multi-Dimensional Perspective," *European Journal of Marketing*, 33 (11/12), 1082 - 106.

Bodie, Z., Kane, A., Marcus, A. J., Perrakis, S. and Ryan, P. J. (2000), *Investment*, Toronto: McGraw-Hill Ryerson Limited.

Bodie, Z., and R. C., Merton (2000), *Finance*, Upper Saddle River, NJ: Prentice Hall

Bonoma, T. V., and B. H., Clark (1988), *Marketing Performance Assessment*: Harvard Business School Press.

Boulding, W., R., Staelin, M., Ehret, and W. J., Johnston (2005), "A Customer Relationship Management Roadmap: What Is Known, Potential Pitfalls, and Where to Go," *Journal of Marketing*, 69 (4), 155-66.

Boyd, W. L., M., Leonard, and C., White (1994), "Customer Preferences for Financial Services: An Analysis," *International Journal of Bank Marketing*, 12 (1), 9-15.

Boys, K., S., Karapetrovic, and A., Wilcock (2004), "Is ISO 9004 a Path To Business Excellence?" *International Journal of Quality and Reliability Management*, 21 (4), 841-60.

Boys, K., S., Karapetrovic, and A., Wilcock (2004), "Is ISO 9004 A Path To Business Excellence? Opinion of Canadian Standards Experts," *International Journal of Quality & Reliability Management*, 21 (8), 841-60.

Brady, M. K., and J. J., Cronin (2001), "Some New Thoughts on Conceptualizing Perceived Service Quality: A Hierarchical Approach," *Journal of Marketing*, 65 (3), 34-49.

Brannen, J., (1992), *Qualitative Research Practice: Working Qualitatively and Quantitatively*, London: Sage.

British Bankers' Association (2005), "Data Protection - Practical Guidance for Banks," London: British Bankers' Association.

Brown, K., and B. H., Kleiner (1997), "Striving For Number One: Practices from the US Banking Industry," *Managing Service Quality*, 7 (5), pp. 237 – 41

Brown, K., and B. H., Kleiner (1997), "Striving For Number One: Practices from the US Banking Industry," *Managing Service Quality*, 7 (5), 237 – 41.

Brown, K. A., and T. R., Mitchell (1993), "Organizational Obstacles: Links with Financial Performance, Customer Satisfaction, and Job Satisfaction in a Service Environment," *Human Relations*, 46 (6), 725-57.

Brown, S., and T., Swarts (1989), "A Gap Analysis of Professional Service Quality," *Journal of Marketing*, 53, 92-108.

Brown, S. J., W., Goetzmann, R. G., Ibbotson, and S. A., Ross (1992), "Survivorship Bias in Performance Studies" *The Review of Financial Studies*, 5 (4), 553-80.

Browning, M., and A., Lusardi (2006), "Household Saving: Micro Theories and Micro Facts," *Journal of Economic Literature*, 34, 1797-855.

Bryman, A., and M. A., Hardy (2004), *Handbook of Data Analysis*, London: Sage.

Bryman, A. and E. Bell (2007), *Business Research Methods*, Oxford: Oxford University Press.

Bryman, A. (2011), "Mission Accomplished?: Research Methods in the First Five Years of Leadership," *Leadership*, 7 (1), 73-83.

Buchanan, R. W., and C., Gillis (1990), "Value Managed Relationship, the Key to Customer Retention and Profitability," *European Management Journal*, Vol. 8 (No. 4).



Budaev, S. V. (2010), "Using Principal Components and Factor Analysis in Animal Behaviour Research: Caveats and Guidelines," *Ethology*, 116 (5), 472–80 [online] available from <<https://164330ce-a-62cb3a1a-sites.googlegroups.com/site/sbudaev/ETH-09-0202.pdf?attachauth=ANoY7cqVMD7ET1jBhnEEUyuocbS958FWdsbYyuRPhbnDyOuytX0ZfFxY8luw1GFliVlnXRhCXClfa1IWBCTg3Gi6nrdf2a2rLNyAt2VJxKydGg3dhQMkA9DdHOLJBZpos04MZUxRFzsKTJlwH4k8bAkRm1DqJvNYr67PMA3tddgcnFH59smlXyts-xNf1U6mkTrjo1CDDDRkkXkTQWf46gjJrGgm5CzA%3D%3D&attredirects=0>>

Burgers, A., K., de Ruyter, C. Keen, and S., Streukens (2000), "Customer Expectation Dimensions of Voice-To-Voice Service Encounters: A Scale-Development Study Management," *International Journal of Service Industry Management*, 11 (2), 142 - 61.

Burke, R. R. (2002), "Technology and the Customer Interface: What Consumers Want in the Physical and Virtual Store," *Journal of the Academy of Marketing Science*, 30 (4), 411-32.

Burke, M. E. (2007), "Making Choices: Research Paradigms and Information Management: Practical Applications of Philosophy in IM research," *Library Review*, 56 (6), 476-84.

Burt, R. S. (1976), "Interpretational Cofounding of Unobserved Variables in Structural Equation Models. Sociological Methods and Research, 5:3-52," in *Structural Equation Modelling in Practice: A Reviewed Recommended Two-Step Approach*, Vol. 103:3, ed. J. Anderson and D Gerbing: *Psychological Bulletin*, 411-23.

Buttle, Francis (1996), "SERVQUAL: Review, Critique, Research Agenda," *European Journal of Marketing*, 30 (1), 8-32.

Butz, H. E., and L. D., Goodstein (1996), "Measuring Customer Value: Gaining the Strategic Advantage" *Organizational Dynamics*, 24 (Winter, 3), pp.63-77.

Buzzel, R. D., and B. T., Gale (1987), *The PIMS Principles – Linking Strategy to Performance*, New York, NY: Free Press.

Byrne, B. M. (1998), *Structural Equation Modelling with Lisrel, Prelis and Simplis: Applications and Programming*, Mahwah, New Jersey: Lawrence Erlbaum Associates.

Byrne, B. M. (2009), "Structural Equation Modelling With AMOS, EQS, and LISREL: Comparative Approaches to Testing for the Factorial Validity of a Measuring Instrument," *International Journal of Testing*, 1 (1) [online] available from <[http://www.cob.unt.edu/slides/Paswan/BUSI6280/Byrne\\_2004.pdf](http://www.cob.unt.edu/slides/Paswan/BUSI6280/Byrne_2004.pdf)>

Byrne, B. M. (2013), *Structural Equation Modelling With AMOS: Basic Concepts, Applications, and Programming*, Mahwah, New Jersey: Lawrence Erlbaum Associates.

Caceres, R. C., and N. G., Paparoidamis (2007), "Service quality, Relationship Satisfaction, Trust, Commitment and Business-To-Business Loyalty," *European Journal of Marketing*, 41 (7/8), 836 - 67.

Calisi, F., and C. A., Gumussoy (2008), "Internet Banking Versus Other Banking Channels: Young Consumers View," *International Journal of Information Management*, 28 (3), 215-21.

Camarero, C. (2007), "Relationship Orientation Or Service Quality?: What is the Trigger of Performance In Financial and Insurance Services?," *International Journal of Bank Marketing*, 25 (6), 406-26 [online] available from <[http://www.grasshoppernetwork.com/Technical/Share/sites/default/files/Relationship\\_orientation.pdf](http://www.grasshoppernetwork.com/Technical/Share/sites/default/files/Relationship_orientation.pdf)>

Caruana, A. (2002), "Service Loyalty: The effects of Service Quality and the Mediating Role of Customer Satisfaction," *European Journal of Marketing*, 36 (7/8), 811-28 [online] available from

<[http://www.ftsm.ukm.my/aishah/paper%20pdf\\_1st%20retail/Albert%20Service%20loyalty%20The%20effects%20of%20service%20quality%20and%20the%20mediating%20role%20of%20customer%20satisfaction.pdf](http://www.ftsm.ukm.my/aishah/paper%20pdf_1st%20retail/Albert%20Service%20loyalty%20The%20effects%20of%20service%20quality%20and%20the%20mediating%20role%20of%20customer%20satisfaction.pdf)>

Chang, R. K. C. (2002), "Defending Against Flooding-Based Distributed Denial-Of-Service Attacks: A Tutorial," *IEEE*, 40 (10), 42-51 [online] available from

<<http://140.115.52.150/98html/paper/pdf/Defending%20against%20flooding-based%20distributed%20denial-of-service%20attacks%20%20a%20tutorial.pdf>>

Chen, I. J., A., Gupta, and W., Rom (1994), "A Study of Price and Quality in Service Operations," *International Journal of Service Industry Management*, 5 (2), 23-33.

Chen, T., and T., Yeh (1998), "A Study of Efficiency Evaluation in Taiwan Banks," *International Journal of Service Industry Management*, Vol. 9 (No. 5), 402-15.

Cheng, E. W. L. (2001), "SEM Being More Effective Than Multiple Regression In Parsimonious Model Testing For Management Development Research," *Journal of Management Development*, 20 (7), 650 - 67.

Childs, P. D., S. H., Ott, and T. J., Riddiough (1996), "The Pricing of Multiclass Commercial Mortgage-Backed Securities" *The Journal of Financial and Quantitative Analysis*, 31 (4), 581-603 [online] available from

<[http://www.public.asu.edu/~chliu1/recapmarkets\\_dese/readings/14\\_cmbs\\_riddiough.pdf](http://www.public.asu.edu/~chliu1/recapmarkets_dese/readings/14_cmbs_riddiough.pdf)>

Chin, W. W. (1998), "Commentary: Issues and Opinion on Structural Equation Modelling," *MIS Quarterly*, 22 (1), vii-xvi.

Christopher, M., A. Payne, and D. Ballantyne (1991), *SWP 31/91 Relationship Marketing: Bringing Quality Customer Service And Marketing Together*, Oxford and Boston: Butterworth-Heinemann.

Chung, E., and S., Alagaratnam (2001), "Teach Ten Thousand Stars How Not To Dance: A Survey Of Alternative Ontologies In Marketing Research," *Qualitative Market Research: An International Journal*, 4 (4), 224 - 34.

Churchill, G. A. (1979), "A Paradigm for Developing Better Measures of Marketing Constructs," *Journal of Marketing Research*, 16 (1), 64-73 [online] available from <<ftp://140.131.114.243/%B1%D0%A7%F7/%AD%F0%A4%E9%B7s%A6%D1%AEv/A%20Paradigm%20for%20Developing%20Better%20Measures%20of%20Marketing%20Constructs.pdf>>

Churchill, G. A., and J. P., Peter (1984), "Research Design Effects on the Reliability of Rating Scales: A Meta-Analysis," *Journal of Marketing Research*, 21 (4), 360-75.

Churchill, G. A. (1995), *Marketing Research: Methodological Foundations*, Chicago: The Dryden Press.

Clark, M. (1997), "Modelling the Impact of Customer-Employee Relationships on Customer Retention Rates in a Major UK Retail Bank," *Management Decision*, 35 (4), 293-301.

Coelli, T., R. D., Prasada, and G., Battese (1998), "An Introduction to Efficiency and Productivity Analysis ", Dordrecht: Kluwer Academic Publishers, 1-6.

Cohen, D., C., Gan, H. H. A., Yong, and E., Chong (2007), "Customer Retention by Banks in New Zealand," *Banks and Bank Systems* (2), 1 [online] available from <[http://www.businessperspectives.org/journals\\_free/bbs/2007/BBS\\_en\\_2007\\_01\\_Cohen.pdf](http://www.businessperspectives.org/journals_free/bbs/2007/BBS_en_2007_01_Cohen.pdf)>

- Cohen, L., and L., Manion (1994), *Research Methods in Education*.
- Colgate, M., and R., Hedge (2001), "An Investigation into the Switching Process in Retail Banking Services," *International Journal of Bank Marketing*, 19 (5), 201-12.
- Colgate, M., and M., Melissa (2001) "Developing A Comprehensive Picture Of Service Failure", *International Journal of Service Industry Management*, 12 (3), 215 – 233.
- Coner, A. (2003), "Personalization and Customization in Financial Portals," *Journal of American Academy of Business*, 2 (2), 498-504.
- Costello, A. B., and J. W., Osborne (2005), "Best Practices in Exploratory Factor Analysis: Four Recommendations for Getting the Most from Your Analysis," in Practical Assessment, *Research & Evaluations*, Vol. 10 [online] available from <[http://scholar.googleusercontent.com/scholar?q=cache:GO1uTJRDYA0J:scholar.google.com/+Costello,+A.+B.,+and+J.+W.,+Osborne+\(July+2005\),+%22Best+Practice+in+Exploratory+Factor+Analysis:+Four+Recommendations+for+Getting+the+Most+From+Your+Analysis&hl=en&as\\_sdt=0,5](http://scholar.googleusercontent.com/scholar?q=cache:GO1uTJRDYA0J:scholar.google.com/+Costello,+A.+B.,+and+J.+W.,+Osborne+(July+2005),+%22Best+Practice+in+Exploratory+Factor+Analysis:+Four+Recommendations+for+Getting+the+Most+From+Your+Analysis&hl=en&as_sdt=0,5)>
- Cressy, R. (1993), "Loan Commitments and Business Starts: An Empirical Investigation on UK Data," in CSME, Warwick Business School.
- Creswell, J. W. (2003), *Qualitative, Quantitative and Mixed Methods Approaches*, CA: Sage.
- Cronin, J. J. and S. A., Taylor (1992), "Measuring Service Quality: A Reexamination and Extension," *Journal of Marketing*, 56 (3), 55-68.

Cronin, J. J. and S. A., Taylor (1994), "SERVPERF versus SERVQUAL: Reconciling Performance-Based and Perceptions-Minus-Expectations Measurement of Service Quality," *Journal of Marketing*, 58 (1), 125-31 [online] available from <<http://files.myopera.com/hunggtkdblog/SERVPERF%20vs%20SERVQUAL.pdf?1347264652>>

Cruickshank, D. (2000), "Competition in UK Banking A Report to the Chancellor of the Exchequer." [online] available from <<http://www.hm-treasury.gov.uk/d/BankReviewtitle.pdf>>

Dabholkar, P. A. (1994), "Technology-based Service Delivery: A Classification Scheme for Developing Marketing Strategies," in *Services Marketing and Management*, Greenwich, CT: JAI Press.

Dabholkar, P. A. (1996), "Consumer Evaluations of New Technology-Based Self-Service Options: An Investigation of Alternative Models Of Service Quality," *International Journal of Research in Marketing*, 13 (1), 29-51.

Dabholkar P. A. (2000), Technology-Based Service Delivery: A Classification Scheme for Developing Marketing Strategies in *Advances in Services Marketing and Management*, Vol. 7, Greenwich, CT: T.A Swartz, D.E. Bowen, and S.W. Brown.

Dabholkar, P. A., C. D. Shepherd, and D. I. Thorpec (2000), "A Comprehensive Framework for Service Quality: An Investigation of Critical Conceptual and Measurement Issues through A Longitudinal Study" *Journal of Retailing*, 76 (2), 139-73.

Davidson, P. (1997), "Are Grains of Sand in the Wheels of International Finance Sufficient to do the Job when Boulders are Often Required?," *The Economic Journal*, 107 (442), 671-86 [online] available from

<<http://onlinelibrary.wiley.com/doi/10.1111/j.14680297.1997.tb00033.x/abstrac?deniedAccessCustomisedMessage=&userIsAuthenticated=false>>

Davidson, S. (2001), "How Should We Measure The Bank's Bottom Line?," *Community Banker*, 10 (3), pp. 46-7.

Davies, M. (1996), "Image problems With Financial Services: Some Considerations for Improvement," *Management Decision*, 34 (2), 64 – 71.

Dawes, J. (1999), "The Relationship between Subjective and Objective Company Performance Measures In Market Orientation Research: Further Empirical Evidence," *Marketing Bulletin*, Vol. 10, 65-76 [online] available from

< [http://iimkbltn-dev.massey.ac.nz/V10/MB\\_V10\\_N3\\_Dawes.pdf](http://iimkbltn-dev.massey.ac.nz/V10/MB_V10_N3_Dawes.pdf)>

Dawes, J., and S., Swailes (1999), "Retention sans Frontiers: Issues for Financial Service Retailers," *International Journal of Bank Marketing*, 17 (1), pp. 36 – 43.

de Ruyter, K., M., Wetzels, and M., Kleijnen (2001), "Customer Adoption Of E-Service: An Experimental Study," *International Journal of Service Industry Management*, 12 (2), 184 – 207 [online] available from  
<<http://arno.unimaas.nl/show.cgi?fid=2706>>

Deming, W. E. (1982), *Out of the Crisis-Quality, Productivity and Competitive Position*: Cambridge University Press.

Dennis, A. R., J. S., Valacich (2001), "Conducting Research in Information Systems," in *Communications of the Association for Information Systems*, Vol. 7, 1-41 [online] available from

<[ftp://mail.im.tku.edu.tw/Prof\\_Wu/EMBA\(Fall,%202002\)/conducting%20research%20in%20information%20systems.pdf](ftp://mail.im.tku.edu.tw/Prof_Wu/EMBA(Fall,%202002)/conducting%20research%20in%20information%20systems.pdf)>

Denzin, N. K. (1970), *the Research Act in Sociology: A Theoretical Introduction To Sociological Methods*, London: Butterworths.

Denzin, N. K., and Y. S., Lincoln (2000), "The Policies and Practices of Interpretation," in *Handbook of Qualitative Research*, ed. N. K., Denzin and Y. S., Lincoln, Thousand Oaks: CA: Sage, 897-992.

Deros, B., N., Rahman, M., Rahman, A., Ismail, and A., Said (2009), "Application of Quality Function Deployment to Study Service Quality Characteristics and Performance Measures," *European Journal of Scientific Research*, 33 (3), 398-410 [online] available from

[http://xa.yimg.com/kq/groups/24709041/2039988107/name/ejsr\\_33\\_3\\_03.pdf](http://xa.yimg.com/kq/groups/24709041/2039988107/name/ejsr_33_3_03.pdf)

Devellis, R. F. (1991), *Scale Development: Theory and Applications*, CA: Sage.

Devlin, J. F. (1995), "Technology and Innovation in Retail Banking Distribution," *International Journal of Bank Marketing*, 13 (4), 19-25.

Devlin, J. and C. T., Ennew (1997), "Understanding Competitive Advantage in Retail Financial Services," *International Journal of Bank Marketing*, 15 (3), 73-82.

Devlin, J. F., and P. Gerrard (2004), "Choice Criteria in Retail Banking: An Analysis of Trends," *Journal of Strategic Marketing*, 12 (1).

DeYoung, R. and I. Hasan (1998), "The performance of De Novo Commercial Banks: A Profit Efficiency Approach " *Journal of Banking and Finance*, 22 (5), 565-87.

DeYoung, R. and I. Hasan (2008), "Formative Indicators: Introduction to the Special Issue," *Journal of Business Research*.



Diamantopoulos, A., and J. A., Siguaw (2006), "Formative Versus Reflective Indicators in Organizational Measure Development: A Comparison and Empirical Illustration," *British Journal of Management*, 17 (4), 263–82 [online] available from <<ftp://donnees.admmt.usherbrooke.ca/Db930/Articles/Diamantopoulos%202006.pdf>>

Diamantopoulos, A., and H. M., Winklhofer (2001), "Index Construction with Formative Indicators: An Alternative to Scale Development," *Journal of Marketing Research*, 38 (2), 269-77.

Dilijonas, D., D., Kriksciuniene, V., Sakalauskas, and R., Simutis (2009), "Sustainability Based Service Quality Approach for Automated Teller Machine Network," in 5th. International Vilnius Conference Vilnius, Lithuania [online] available from < <http://leidykla.vgtu.lt/conferences/KORS2009/PDF/241-246-p100-Dilijonas-47.pdf>>

Doyle, P. (2000), "Value-based Marketing," *Journal of Strategic Marketing*, 8 (4), 299-310.

Dube, L., and K., Menon (1998), "Managing Emotions," *Marketing Health Services*, 18 (3), 34-43.

Duncan, E., and G., Elliott (2002), "Customer Service Quality and Financial Performance among Australian Financial Institutions," *Journal of Financial Services Marketing*, Vol. 7 (No. 1), 25- 41.

Duncan, E., and G., Elliott (2004), "Efficiency, Customer and Financial Performance among Australian Financial institutions," *The International Journal of Bank Marketing*, Vol. 22 (No. 5), 319-42.

Eberl, M., and M., Shwaiger (2005), "Corporate Reputation: Disentangling the Effects on Financial Performance," *European Journal of Marketing*, Vol. 39 (7/8), 838-54.

Edwards, J. R., and R. P., Bagozzi (2000), "On the Nature and Direction of Relationships between Constructs and Measures," *Psychological Methods*, 5 (2), 155-74.

Ennew, C. T., and M. R., Binks (1996), "The Impact of Service Quality and Service Characteristics on Customer Retention: Small Businesses and their Banks in the UK," *British Journal of Management*, 7, (Issue 3), 219–230.

Ennew, C. T., and N., Waite (2006), *Financial Services Marketing: An International Guide to Principles and Practice*, Oxford: Elsevier.

Ennew, C., H., Kharouf, and H., Sekhon (2011), "Trust in UK Financial Services: A Longitudinal Analysis," *Journal of Financial Services Marketing*, 16, 65–75.

European Commission (2006), "Interim Report II: Current Accounts and Related Services-Sector Inquiry under Article 17 Regulation 1/2003 on Retail Banking."

Evans, R. K., and A. L., Crosby (1988), "A Theoretical Model Of Interpersonal Relational Quality In Enduring Service Sales Relationships," in *AMA Services Marketing Conference*.

Fairchild, R. (2003), "Conflicts Between Managers and Investors over the Optimal Financial Contract," *International Journal of Business and Economics*, 3 (2), 197-212 [online] available from <<http://www.ijbe.org/table%20of%20content/pdf/vol2-3/vol2-3-03.PDF>>

Fan, L., and S., Shaffer (2004), "Efficiency versus Risk in Large Domestic US Banks," *Managerial Finance*, 30 (9).

Fanjoy, B. (1994), "Bringing Financial Discipline to Service Quality," *The TQM Magazine*, 6 (6), 57-61.

Farquhar, J. D., and T., Panther (2008), "Acquiring and Retaining Customers in UK Banks: An Exploratory Study," *Journal of Retailing and Consumer Services*, 15 (1), 9-21.

Farrell, A. D. (June 1994), "Structural Equation Modelling With Longitudinal Data: Strategies For Examining Group Differences And Reciprocal Relationships," *Journal of Consulting and Clinical Psychology*, 62 (3), 477-87.

Financial Services Authority (2009), "Financial Risk Outlook," London, 1-81.

Fisher, A. (2001), "Winning the Battle for Customers," *Journal of Financial Services Marketing*, 6, 77-83.

Flavián, C., E., Torres, and M., Guinalíu (2004), "Corporate Image Measurement: A Further Problem for the Tangibilization of Internet Banking Services," *International Journal of Bank Marketing*, 22 (5), 366-84.

Fombrun, C. J. (1996), *Reputation: Realizing Value from the Corporate Image*, Boston: Harvard Business Press.

Fornell, C., and D. F., Larcker (1981), "Structural Equation Models with Unobservable Variables and Measurement Error: Algebra and Statistics," *Journal of Marketing Research*, 18 (3), 382-88 [online] available from  
< [http://www.cob.unt.edu/slides/Paswan/BUSI6280/fornell L 1981.pdf](http://www.cob.unt.edu/slides/Paswan/BUSI6280/fornell_L_1981.pdf)>

Fotheringham, A. S. (2006), *Approaches to Human Geography*, London: Sage.

Frazier, P. A., A. P., Tix, and K. E., Barron (2004), "Testing Moderator and Mediator Effects in Counseling Psychology Research," *Journal of Counseling Psychology*, 51 (1), 115-34.

Frei, F. X. (2008), "The Four Things a Service Business Must Get Right," *Harvard Business Review*, April (1-13) [online] available from  
<[http://www.wealthcounselforums.com/uploaded\\_files/speaker\\_bio/43/FourThingsServiceOrganizations.pdf](http://www.wealthcounselforums.com/uploaded_files/speaker_bio/43/FourThingsServiceOrganizations.pdf)>.

Freid, C., and S., Freid (1995), "Beyond Relationship Marketing...Anticipating What Customers Want," *Planning Review* (July/August), 40-5.

Furst, K., W. W., Lang, and D. E., Nolle (1998), "Innovation in Banking and Payments: Industry Trends and Implications for Banks," *Quarterly Journal*, Office of the Comptroller of the Currency, 17 (3).

Furst, K., W. W., Lang, and D. E., Nolle (2000), "Internet Banking: Developments and Prospects," Office of the Comptroller of the Currency Economic and Policy Analysis Working Paper (No. 2000-9).

George, W., R., (1990), "Internal marketing and organizational behavior: A partnership in developing customer-conscious employees at every level," *Journal of Business Research*, 20, (1), 63–70.

Gerrard, P., and J. B., Cunningham (2003), "The Diffusion of Internet Banking Among Singapore Consumers," *International Journal of Bank Marketing*, 21 (1), 16-28.

Ghobadian, A., S. Speller S., and M. Jones (1994), "Service Quality: Concepts and Models " *International Journal of Quality and Reliability Management*, 11 (9), 43-66.

Ghosh, C., R. S., Guttery, and C. F., Sirmans (1994), "The Olympia and York crisis Effects On the Financial Performance of Us and Foreign Banks," *Journal of Property Finance*, Vol. 5 (No. 2), 5-46.

Giddings, L. S., and B. M., Grant (2006), "Mixed Methods Research For the Novice Researcher," *Contemporary Nurse*, 23 (1), 3-11 [online] available from < <http://aut.researchgateway.ac.nz/bitstream/handle/10292/3172/CN%202006%20Mixed%20Methods1.pdf?sequence=1>>

Giglio, V. (2002), "Privacy in the World of Cyber banking: Emerging Legal Issues and How You Are Protected," *The Secured Lender* (March/April), 48-60.

Gilmore, J. H., and Pine, B. I. I. (2002), "Customer Experience Places: The New Offering Frontier," *Strategy and Leadership*, 30, 4–11.

Gopalakrishnan, M. M. (2010), "Globalisation and Recent Trends in Banking," *Globalisation and Recent Trends in Banking*, 10 (5), 38-41 [online] available from < <http://www.journalofbusiness.org/index.php/GJMBR/article/view/203>>

Gopalakrishnan, S., J. D., Wischnevsky, and F., Damanpour (2003), "A Multi-Level Analysis of Factors Influencing the Adoption of Internet Banking" *IEEE*, 50 (4), 413-26.

Gormley, T. A. (2010), "The Impact Of Foreign Bank Entry In Emerging Markets: Evidence from India," *Journal of Financial Intermediation*, 19 (1), 26-51.

Gotsi, M., and A. M., Wilson (2001), "Corporate Reputation: Seeking A Definition," *Corporate Communications: An International Journal*, 6 (1), 24-30.

Gounaris, S., and S., Dimitriadis (2003), "Assessing Service Quality on the Web: evidence from business-to-consumer portals," *Journal of Services Marketing*, 17 (5), 529-48 [online] available from <

<http://sgounaris.yolasite.com/resources/Assessing%20Service%20Quality%20on%20the%20WEB%20Evidence%20from%20B2C%20%20Portals.pdf>>

Gounaris, S. P., V., Stathakopoulos, and A. D., Athanassopoulos (1984), "A Service Quality Model and Its Marketing Implications," *European Journal of Marketing*, 18 (4), 36-44.

Gounaris, S. P., V., Stathakopoulos, and A. D., Athanassopoulos (2003), "Antecedents to perceived Service Quality: An Exploratory Study in the Banking Industry," *International Journal of Bank Marketing*, 21 (4), 168 - 90.

Grönroos, C. (1988), "Service Quality: The Six Criteria of Good Perceived Service Quality," *The El Paso Business Review*, 9, 10-13.

Grönroos, C. (1990), "Relationship Approach to Marketing In Service Contexts: The Marketing And Organizational Behavior Interface," *Journal of Business Research*, 20 (1 (January)), 3-11.

Grönroos, C. (2007), *Service Management and Marketing: Customer Management in Service Competition*: Wiley.

Guba, E., and Y., Lincoln (1994), *Handbook of Qualitative Research: Competing Paradigms in Qualitative Research*, USA: Oxford University Press.

Gummesson, E. (1995), "Relationship Marketing; Its Role In The Service Economy", in Glynn W. and Barnes, J.G. (Eds), *Understanding Services Management*, 244-68.

Gupta, A. (2008), "Definitions," in Stanford Encyclopedia of Philosophy.

Gurau, C. (2002), "E-Banking in Transition Economies: The Case of Romania," *Journal of Financial Services Marketing*, 6 (4), 362-78.

Hair, J. F., J. R., Black, W. C., Baben, R. E., Anderson, and R. L., Tatham (2006), *Multivariate Data Analysis*, Upper Saddle River, NJ: Pearson Education.

Hair, J. F., M. W., Celsi, A. H., Money, P., Samouel, and M. J., Page (2011), *Essentials of Business Research Methods*, New York: M.E. Sharpe.

Haldane, A., S., Brennan, and V., Madouros (2010), "What is the Contribution of The Financial Sector: Miracle Or Mirage?," in *The Future of Finance: The LSE Report*: London School of Economics and Political Science, 87-120.

Hallowell, R. (1996), "The Relationships of Customer Satisfaction, Customer Loyalty, and Profitability: An Empirical Study," *International Journal of Service Industry Management*, 7 (4), 27-42.

Halstead, D., and T. J., Page (1992), "The Effects of Satisfaction and Complaining Behavior on Consumer Repurchase Intentions," *Journal of Customer Satisfaction, Dissatisfaction and Complaining Behavior*, 5, 1-11 [online] available from < <http://lilt.ilstu.edu/staylor/csdc/articles/Volume5/Halstead%20et%20al%201992.pdf>>

Hanson, D., and M., Grimmer (2007), "The Mix of Qualitative and Quantitative Research in Major Marketing Journals," *European Journal of Marketing*, 41 (1/2), 58 – 70 [online] available from < <http://emarketing.net.cn/upload/file/2009/02/27/211235742459045.pdf>>

Hardy, M. A., and A., Bryman (2004), *Handbook of Data Analysis*, London: Sage.

Harker, P. T., and S. A., Zenios (1999), *Financial Institutions: Efficiency, Innovation, Regulations*, Cambridge: Cambridge University Press.

Harrison, T. (1994), "Mapping Customer Segments for Personal Financial Services," *International Journal of Bank Marketing*, 12 (8) 17–25.

Harrison, T. (2002), "Consumer Empowerment in Financial Services: Rhetoric or Reality?," Editorial, *Journal of Financial Services Marketing*, 7 (1) 6–9 [online] available from

< <http://www.palgrave-journals.com/fsm/journal/v7/n1/pdf/4770068a.pdf>>

Harrison, T. (2003), "Why Trust is Important in Customer Relationships and How to Achieve it," Editorial, *Journal of Financial Services Marketing*, 7 (3) 206–209 [online] available from

< <http://www.palgrave-journals.com/fsm/journal/v7/n3/pdf/4770084a.pdf>>

Harrison, T. (2004), "Are Current Competitive Pressures Causing Financial Institutions to Get “Stuck in the Middle”?" Editorial, *Journal of Financial Services Marketing*, 9 (1) 6–10 [online] available from

< <http://www.palgrave-journals.com/fsm/journal/v9/n1/pdf/4770136a.pdf>>

Hart, C. W. L., J. L., Heskett, and W. E., Sasser (1990), "The Profitable Art of Service Recovery," *Harvard Business Review*, 148-56.

Harvey, J. (1998), "Service Quality: A Tutorial," *Journal of Operations Management*, 16 (5), 583-97.

Haywood-Farmer, John (1988), "A Conceptual Model of Service Quality," *International Journal of Operations & Production Management*, 8 (6), 19-29.

Helliar, C., I. A. N., Cobb, and J., Innes (2002), "A Longitudinal Case Study Of Profitability Reporting In A Bank," *The British Accounting Review*, 34 (1), 27-53.

Hempel, G., A., Coleman, and D., Simonson (1986), *Bank Management Text and Cases*, New York, NY: Wiley.



Hensel, J., S. (1990), "Service Quality Improvement and Control: A Customer-Based Approach," *Journal of Business Research*, 20 (1), 43–54.

Heracleous, L., and J., Wirtz (2006), "Biometrics: the Next Frontier in Service Excellence, Productivity and Security in the Service Sector," *Managing Service Quality*, 16 (1), 12-22 [online] available from <  
<https://bschool.nus.edu/Departments/Marketing/Jochen%20papers/msq-heracleous%20%20wirtz%20biometrics%20in%20services-2006.pdf>>

Herbig, P., J., Milewicz, and J., Golden (1994), "A Model of Reputation Building and Destruction," *Journal of Business Research*, 31 (1), 23-31.

Hermel, P., and J., Ramis-Pujol (2003), "An Evolution of Excellence: Some Main Trends," *The TQM Magazine*, 15 (4), 230 - 43.

Heskett, J. L., W. E., Sasser, and C. W. L., Hart (1990), *Breakthrough Service*, New York, NY: The Free Press.

Heskett, J., T., Jones, G., Loveman, G., Sasser, and L., Schlesinger (1994), "Putting the Service Profit Chain to Work," *Harvard Business Review*, Vol. 72 (No. 2), 164-75.

Heskett, J. L., W. E., Sasser, and L. A., Schlesinger (1997), *the Service Profit Chain*, New York, NY: Free Press.

Hess, K., and G., Francis (2004), "Cost Income Ratio Benchmarking in Banking: A Case Study," *Benchmarking: An International Journal*, Vol. 11 (No. 3), 303- 14 [online] available from  
 < <http://www.heziyun.com/uploadfile/2009/0226/20090226064756910.pdf>>

Hesselink, M., and F., van den Assem (2002), "Building People and Organisational Excellence: The Start Service Excellence Program," *Managing Service Quality*, 12 (3), 139 - 45.

Hiley, T. J. (2000), "Research Without Easy Answers: Overcoming Fragmentation And Reductionism", in Edgeman, R., and Hensler, D., (Eds.), *Proceedings of the 1st International MAAOE Conference on Organizational Excellence*, Estes Park, CO, 6-9 August, 130-47."

Hirschman, E. C. (1986), "Humanistic Inquiry in Marketing Research: Philosophy, Method, and Criteria," *Journal of Marketing Research*, 23 (3), 237-49 [online] available from

<<http://www.uta.edu/faculty/richarme/BSAD%206310/Readings/hirschman%201986%20humanistic%20inquiry.pdf>

Hitt, L. M., and F. X., Frei (2002), "Do Better Customers Utilize Electronic Distribution Channels? The Case of PC Banking," *Management Science*, 48 (6), 732-48.

Hitt, M. A., J. S., Harrison, and R. D., Ireland (2001), *Mergers & Acquisitions: A Guide to Creating Value for Stakeholders*: Oxford University Press.

Hocutt, M. A. (1998), "Relationship Dissolution Model: Antecedents of Relationship Commitment And The Likelihood Of Dissolving A Relationship," *International Journal of Service Industry Management*, 9 (2), 189-200.

Hoe, S. L. (2008), "Issues and Procedures In Adopting Structural Equation Modelling Technique," *Quantitative Methods Inquiries*, 3 (1), 76-82 [online] available from <[http://www.jaqm.ro/issues/volume-3,issue-1/pdfs/jaqm\\_vol3\\_issue1.pdf#page=81](http://www.jaqm.ro/issues/volume-3,issue-1/pdfs/jaqm_vol3_issue1.pdf#page=81)>

Holmes-Smith, P. (2011), *Structural Equation Modelling (Using AMOS): From the Fundamentals to Advanced Topics*, Melbourne: Sreams.

Holton, E. H., and M. B., Burnett (1997), Qualitative Research Methods. In Bartlett, J. E., J. W., Kotrlik, and C. C., Higgins, "Organizational Research: Determining Appropriate Sample Size in Survey Research," *Information Technology, Learning and Performance Journal*, 19 (1), Spring, 2001.

Howcroft, D., and N., Mite (2000), "An Empirical Study of Internet Usage and Difficulties among Medical Practice Management in the UK," MCB University Press.

Howcroft, J. B. (1991), "Customer Satisfaction in Retail Banking," *The Service Industries Journal*, 11 (1), 11-17.

Howell, D. (2008), "Treatment of Missing Data," [online] available from <[http://www.uvm.edu/~dhowell/StatPages/More\\_Stuff/Missing\\_Data/Missing.html](http://www.uvm.edu/~dhowell/StatPages/More_Stuff/Missing_Data/Missing.html)>.

Hoyle, R. H. (1995), Structural Equation Modelling: Concepts, Issues, and Applications, London: Sage.

Hu, L. T., and P. M., Bentler (1999), "Cutoff Criteria for Fit Indexes in Covariance Structure Analysis: Conventional Criteria versus New Alternatives," *Structural Equation Modelling*, 6 (1), 1-55.

Hudson, L. A., and J. L., Ozanne (1988), "Alternative Ways of Seeking Knowledge in Consumer Research," *Journal of Consumer Research*, 14 (4), 508-21 [online] available from <<http://classes.uleth.ca/200401/mgt2700a/References/qualitative%20research%20article.pdf>>

Humphrey, D. B. (1990), "The U.S. Payment System--Efficiency, Risk and the Role of the Federal Reserve," Federal Reserve Bank of Richmond Proceedings.

Humphrey, D. B., and L. B., Pulley (1997), "Banks' Responses to Deregulation: Profits, Technology, and Efficiency," *Journal of Money, Credit & Banking*, 29.

Hunt, S. D. (1994), "On Rethinking Marketing: Our Discipline, Our Method, Our Practice," *European Journal of Marketing*, 28 (3), 13-25 [online] available from < <http://emarketing.net.cn/upload/file/2009/02/27/211235742459045.pdf>>

Hunt, S. D. (October, 2001), "The Influence of Philosophy, Philosophies, and Philosophers on a Marketer's Scholarship," *Journal of Marketing*, 65 (4), 117-22.

Huo, Y. J., K. R. Binning, and L. E. Molina (2010), "Testing an Integrative Model of Respect: Implications for Social Engagement and Well-Being," *Personality and Social Psychology Bulletin*, 36 (2), 200-12.

Hussein, A. (2009), "The Use of Triangulation in Social Sciences Research: Can Qualitative and Quantitative Methods be Combined?," *Journal of Comparative Social Work*, 1, 1-11 [online] available from < [http://jcs.w.no/local/media/jcs.w/docs/jcs.w issue 2009 1 8 article.pdf](http://jcs.w.no/local/media/jcs.w/docs/jcs.w%20issue%202009%201%208%20article.pdf)>

Independent Commission on Banking (September 2010), "Issues Paper Call for Evidence," London: Independent Commission on Banking, 1-62.

Iqbal, Z., R., Verma, and R., Baran (2003), "Understanding Consumer Choices and Preferences in Transaction-Based e-Services," *Journal of Service Research*, 6 (1), 51-65 [online] available from < <http://www.uk.sagepub.com/chaston/Chaston%20Web%20readings%20chapters%201-12/Chapter%2010%20-%2035%20Iqbal%20et%20al.pdf>>

Islam, S., and M. B., Ali (2011), "Measuring Service Quality of Banks: An Empirical Study," *Research Journal of Finance and Accounting*, 2 (4) [online] available from < <http://iiste.org/Journals/index.php/RJFA/article/view/554>>

- Ismail, H. B., and M. F. A. K., Panni (2009), "Factors affecting customer retention toward internet banking in Malaysia," *Journal of Information and Knowledge Management*, 8 (1), 35-43.
- Jabnoun, N., and A., Khalifa (2005), "A Customized Measure Of Service Quality In The UAE," *Managing Service Quality*, 15 (4), 374-88.
- Jack, E. P., and A. S., Raturi (2006), "Lessons Learned From Methodological Triangulation in Management Research," *Management Research News*, 29 (6), 345 - 57.
- Jackson, D., and J., Humble (1994), "Service Excellence – The Role of Information Technology," *Managing Service Quality*, 4 (4), 36-40.
- Jarvis, C. B., S. B., MacKenzie, and P. M., Podsakoff (2003), "A Critical Review of Construct Indicators and Measurement Model Misspecification in Marketing and Consumer Research," *Journal of Consumer Research*, 30 (2), 199-218.
- Jaworski, B., and A., Kohli (1993), "Market Orientation: Antecedents and Consequences," *Journal of Marketing*, 57 (3).
- Jaworski, B., and A., Kohli (1996), "Market Orientation: Review, Refinement, and Roadmap", *Journal of Market Focused Management*, Vol. 1 (2), 119-35.
- Jayawardhena, C., and P., Foley (2000), "Changes in the Banking Sector – The Case of Internet banking in the UK," *Internet Research*, 10 (1), 19-31.
- Jiang, J. J., G., Klein, and S. M., Crampton (2000), "A Note on SERVQUAL Reliability and Validity in Information System Service Quality Measurement," *Decision Sciences*, 31 (3).

Johnson, R. B., A. J., Onwuegbuzie, and L. A., Turner (2007), "Toward a Definition of Mixed Methods Research," *Journal of Mixed Methods Research*, 1 (2), 112-33 [online] available from

<<http://drupal.coe.unt.edu/sites/default/files/24/59/Johnson,%20Burke%20Mixed%20Methods%20Research.pdf>>

Johnston, R. (1995), "Service Failure And Recovery: Impact, Attributes And Process," *Advances in Services Marketing and Management: Research and Practice*, 4, 211-28.

Johnston, R. (1997), "Identifying the Critical Determinants of Service Quality in Retail Banking: Importance and Effect," *International Journal of Bank Marketing*, 15 (4), 111-16 [online] available from <[http://ce.sharif.ac.ir/courses/86-87/1/ce428/resources/root/service Quality control/paper3.pdf](http://ce.sharif.ac.ir/courses/86-87/1/ce428/resources/root/service%20Quality%20control/paper3.pdf)>

Johnston, R. (1998), "The Effect of Intensity Of Dissatisfaction On Complaining Behaviour," *Journal of Consumer Satisfaction, Dissatisfaction and Complaining Behavior*, 11, 69-77.

Johnston, R. (2004), "Towards a Better Understanding of Service Excellence," *Managing Service Quality*, 14 (2/3), 14.

Johnston, R., and R., Silvestro (1990), "The Determinants of Service Quality- A Customer Based Approach", The Proceedings of the Decisions Science Institute Conference, San Diego: CA.

Jones, T., and W., Sasser (1995), "Why Satisfied Customers Defect," *Harvard Business Review*, 73 (6), 88-99 [online] available from <[http://download.microsoft.com/download/a/e/0/ae0b3074-466e-4876-84d8-dcdf3f928da4/Why Satisfied Customer Defect.pdf](http://download.microsoft.com/download/a/e/0/ae0b3074-466e-4876-84d8-dcdf3f928da4/Why_Satisfied_Customer_Defect.pdf)>

Jones, Christopher Ryder (2004), "A "Scorecard" For Service Excellence," *Measuring Business Excellence*, 8 (4), 45-54.

Jöreskog, Karl G., and D., Sörbom (1993), LISREL 8: Structural Equation Modelling With the Simplis Command Language, NJ: Lawrence Erlbaum Associates.

Joseph, M., C. McClure, and B., Joseph (1999), "Service Quality in the Banking Sector: The Impact of Technology on Service Delivery," *International Journal of Bank Marketing*, 17 (4), 182 - 93.

Joseph, M., and G., Stone (2003), "An Empirical Evaluation of US Bank Customer Perceptions of the Impact of Technology on Service Delivery in the Banking Sector," *International Journal of Retail & Distribution Management*, 31 (4), 190-202.

Jung, J. Y., and Y. J., Wang (2006), "Relationship between Total Quality Management (TQM) and Continuous Improvement of International Project Management (CIIPM)," *Technovation*, 26 (5), 716-22.

Kaiser, H. F. (1960), "The Application of Electronic Computers to Factor Analysis," *Educational and Psychological Measurement*, 20, 141-51.

Kandampully, J. (1998), "Service Quality To Service Loyalty: A Relationship Which Goes Beyond Customer Services," *Total Quality Management*, 9 (6), 431-43.

Kandampully, J. (1997), "Firms Should Give Loyalty Before They Can Expect It From Customers," *Managing Service Quality*, 7 (2), 92-4.

Kandampully, J., and R., Duddy (1999), "Competitive Advantage through Anticipation, Innovation and Relationships," *Management Decision*, 37 (1), 51–56.

Kandampully, J. (2002), "Innovation as the Core Competency of A Service Organisation: The Role of Technology, Knowledge and Networks," *European Journal of Innovation Management*, 5 (1), 18 - 26.

Kanji, G. K., and W., Wallace (2000), "Business Excellence through Customer Satisfaction," *Total Quality Management -Abingdon*, 11 (7), 979-98.

Kaplan, B., and J., Maxwell (2005), *Qualitative Research Methods for Evaluating Computer Information Systems* New York: Springer.

Kapoulas, A., W., Murphy, and N., Ellis (2002), "Say hello, Wave Goodbye: Missed Opportunities For Electronic Relationship Marketing Within The Financial Services Sector?," *International Journal of Bank Marketing*, 20 (7), 302-10.

Karatepe, O. M., U., Yavas, and E., Babakus (2005), "Measuring Service Quality Of Banks: Scale Development And Validation," *Journal of Retailing and Consumer Services*, 12 (5), 373-83.

Karjaluoto, H., M., Mattila, and T., Pento (2002), "Factors Underlying Attitude Formation Towards Online Banking in Finland," *International Journal of Bank Marketing*, 20 (6), 261-72.

Kasheir, D., A. S., Ashour, and O., M. Yacout (2009), "Factors Affecting Continued Usage of Internet Banking Among Egyptian Customers," *Communications of the IBIMA*, 9 (29), 252-63.

Keaveney, S. M. (1995), "Customer Switching Behaviour in Service Industries: An Exploratory Study," *Journal of Marketing*, 59, 71-82.

Kennington, C., J., Hill, and A., Rakowska (1996), "Consumer Selection Criteria for Banks in Poland," *International Journal of Bank Marketing*, 14 (4), 12-21.



Kerem, K., O., Lustsik, M., Sorg, and V., Vensel (March 11-17 2003), "The Development of E-Banking in a EU Candidate Country: An Estonian Case," in Proceedings of International Atlantic Economic Society Conference, Vienna.

Kesh, S., S., Nerur, and S., Ramanujan (2002), "Quality of Service – Technology and Implementation," *Information Management & Computer Security*, 10 (2), 85 - 91.

Khan, H., and H., Matlay (2009), "Implementing Service Excellence in Higher Education," *Education + Training*, 51 (8/9), 769-80.

Khazeh, K., and W. H., Decker (1992), How Customers Choose Banks, Vol. 14, USA: American Banker Bond Buyer.

Kim, S., and B., Kleiner (1996), "Service Excellence in the Banking Industry," *Managing Service Quality*, 6 (1), 22-27.

Kingman-Brundage, J. (1991), "Technology, Design and Service Quality," *International Journal of Service Industry Management*, 2 (3), 47-59.

Kline, R. B. (2005), Principles and Practice of Structural Equation Modelling, New York: The Guilford Press.

Klopping, I. M., and E., McKinney (Spring 2004), "Extending the Technology Acceptance Model and the Task Technology Fit Model to Consumer E-Commerce," *Information Technology, Learning, and Performance Journal*, 22 (1), 35-48 [online] available from

<[http://iris.nyit.edu/~kkhoo/Spring2008/Topics/TTF/ExtendTech\\_Performance.pdf](http://iris.nyit.edu/~kkhoo/Spring2008/Topics/TTF/ExtendTech_Performance.pdf)>

Kosmidou, K., S., Tanna, and F., Pasiouras (2008), "Determinants of Profitability of Domestic UK Commercial Banks: Panel Evidence from the Period 1995-2002," in *Economics, Finance, and Accounting Applied Working Paper Series No. RP084*, Coventry, Coventry University.

Kothari, C. R. (2008), *Research Methodology: Methods and Techniques*, New Delhi: New Age International (P) Ltd.

Kotler, P. (1994), "Reconceptualizing Marketing: An Interview with Philip Kotler," *European Management Journal*, 12 (4), 353-61.

Kuei, C-H., and M. H., Lu (1997), "An Integrated Approach to Service Quality Improvement," *International Journal of Quality Science*, 2 (1), 24-36.

Kumar, A., and R., Olshavsky (October 1996), "Distinguishing Satisfaction From Delight: An Appraisal Approach," in Paper Presented at the Annual Conference of the Association for Consumer Research, Tucson, AZ.

Kumbhakar, S. C., A., Lozano-Vivas, C. A. K., Lovell, and I., Hasan (2001), "The Effects of Deregulation on the Performance of Financial Institutions: The Case of Spanish Savings Banks " *Journal of Money, Credit and Banking*, 33 (1), 101-20 [online] available from

< <http://archive.nyu.edu/bitstream/2451/27138/3/wpa99064.pdf.txt>>

Kumbhar, V. (2011), "Factors Affecting On Customers' Satisfaction an Empirical Investigation of ATM Service," *International Journal of Business Economics and Management Research*, 2 (3), 144-56 [online] available from < [http://mpra.ub.uni-muenchen.de/32713/1/IJBEMR\\_12\\_VMK.pdf](http://mpra.ub.uni-muenchen.de/32713/1/IJBEMR_12_VMK.pdf)>

Kuosa, T. (2009), Towards the Dynamic Paradigm of Future Research- How to Grasp a Complex Futures Problem with Multiple Phase and Multiple Methods, Turkey: Turku School of Economics [online] available from <[http://info.tse.fi/julkaisut/vk/Ae8\\_2009.pdf](http://info.tse.fi/julkaisut/vk/Ae8_2009.pdf)>

Ladhari, R. (2010) "Developing E-Service Quality Scales: A Literature Review," *Journal of Retailing and Consumer Services*, 17 (6), 464-77.

Lam, S. S. K. (1995), "Assessing the validity of SERVQUAL: an empirical analysis in Hong Kong," *Asia Pacific Journal of Quality Management*, 4 (4), 33-40.

Lang, B., and M., Colgate (2003), "Relationship Quality, On-Line Banking And The Information Technology Gap," *International Journal of Bank Marketing*, 21 (1), 29-37.

Lapavitsas, C., P. L., D., Santos (2008), "Globalization and Contemporary Banking: On the Impact of New Technology," *Contributions to Political Economy*, 27 (1), 31-56.

LeBlanc, G., and N., Nguyen (1997), "Searching for Excellence in Business Education: An Exploratory Study of Customer Impressions of Service Quality," *International Journal of Educational Management*, 11 (2), 72-79 [online] available from<<http://directory.umm.ac.id/Data%20Elmu/jurnal/I/International%20Journal%20of%20Educational%20Management/Vol11.Issue2.1997/06011bc2.pdf>>

Lee, A. S. (1991), "Integrating Positivist and Interpretive Approaches to Organizational Research," *Organization Science*, 2 (4), 342-65.

Lee, Morna S. Y., Peter J., McGoldrick, K. A., Keeling, and J., Doherty (2003), "Using ZMET to Explore Barriers To The Adoption Of 3G Mobile Banking Services," *International Journal of Retail & Distribution Management*, 31 (6), 340 - 48.

Lehtinen, U., and J., Lehtinen (1982), "Service quality: A Study of Quality Dimensions," in Unpublished working paper, Helsinki: Service Management Institute.

Lehtinen, U., and J. R., Lehtinen (1991), "Two Approaches to Service Quality Dimensions," *The Service Industries Journal*, 11 (3), 287-303.

Lewis, B. R. (1989), "Quality in the Service Sector- A Review," *International Journal of Bank Marketing*, 7 (5).

Lewis, B. R., and V. W., Mitchell (1990), "Defining and Measuring the Quality of Customer Service," *Marketing Intelligence & Planning*, 8 (6), 11 - 17.

Lewis, R., and B., Booms (1983), *"The Marketing Aspects of Service Quality."*

Liljander, V., and T., Strandvik (1997), "Emotions in Service Satisfaction," *International Journal of Service Industry Management*, 8 (2), 148 - 69.

Little, M. M., and A. M., Dean (2006), "Links Between Service Climate, Employee Commitment and Employees' Service Quality Capability," *Managing Service Quality*, 16 (5), 460 – 76.

Liu, J., and V., Issarny (2004), "Enhanced Reputation Mechanism for Mobile Ad Hoc Networks" Lecture Notes in Computer Science, 2995/2004, 48-62 [online] available from <<http://hal.archives-ouvertes.fr/docs/00/41/48/03/PDF/LiuI04a.pdf>>

Lloyd-Walker, B., and Y. P., Cheung (1998), "IT to Support Service Quality Excellence in the Australian Banking Industry," *Managing Service Quality*, 8(5), 350-58.

Loveman, G. W. (1998), "Employee Satisfaction, Customer Loyalty, and Financial Performance: An Empirical Examination of the Service Profit Chain in Retail Banking," *Journal of Service Research*, 1 (1), 18-31.

Lymperopoulos, C., I. E., Chaniotakis, and M., Soureli (2006), "The Importance of Service Quality in Bank Selection for Mortgage Loans," *Managing Service Quality*, 16 (4), 365 - 79.

MacCallum, R. C., K. F., Widaman, S., Zhang, and S., Hong (March 1999), "Sample Size in Factor Analysis," *Psychological Methods*, 4 (1), 84-99.

Mahajan, V., Sharma, S. and Netemeyer, R. G. (1992) "Should We Expect the Baldrige Award to Predict a Company's Financial Success?," *Technological Forecasting and Social Change*, 42, 325-34.

Maklan, S., and P., Klaus (2011), "Customer Experience: Are We Measuring the Right Things?," *International Journal of Market Research*, 53 (6), 771-92.

Malhotra, D. (2004), "Trust and Reciprocity Decisions: The Differing Perspectives of Trustors and Trusted Parties," *Organizational Behavior and Human Decision Processes*, 94 (2), 61-73.

Malterud, K. (2001), "Qualitative Research: Standards, Challenges, and Guidelines," *The Lancet*, 358 (9280), 483-88.

Manoand, H., and R. L., Oliver (1993), "Assessing the Dimensionality and Structure of the Consumption Experience: Evaluation, Feeling, and Satisfaction," *Journal of Consumer Research*, 20 (3).

Martin, W. B. (2001), *Quality Customer Service: How to Win with the Customer*, 5<sup>th</sup>. Edition, USA: Axzco Press.

Matthews, K., and J., Thompson (2008), *the Economics of Banking*, Chichester: Wiley.

Maudos, J., J. M., Pastor, F., Pérez, and J., Quesada (February 2002), "Cost and Profit Efficiency in European Banks" *Journal of International Financial Markets, Institutions and Money*, 12 (1), 33-58 [online] available from  
<[http://ejournal.narotama.ac.id/files/\(2\)%20Cost%20and%20profit%20efficiency%20in%20European%20banks.pdf](http://ejournal.narotama.ac.id/files/(2)%20Cost%20and%20profit%20efficiency%20in%20European%20banks.pdf)>

Maurer, T. J., R. A., Alexander, C. M., Callahan, J. J., Bailey, and F. H., Dambrot (June 1991), "Methodological and Psychometric Issues in Setting Cutoff Scores Using the Angoff Method," *Personnel Psychology*, 44 (2), 235–62.

Mazzocchi, M., (2008), *Statistics for Marketing and Consumer Research*, London: Sage.

McAndrews, J., (June 2003), "Automated Teller Machine Network Pricing - A Review of the Literature," *Review of Network Economics*, 2 (2), 146-58 [online] available from  
<http://time.dufe.edu.cn/jingjiwencong/waiwenziliao/31292.pdf>

McDonald, R. P., and M.-H. R., Ho (2002), "Principles and Practice in Reporting Statistical Equation Analyses," *Psychological Methods*, 7 (1), 64-82.

Meuter, M. L., A. L., Ostrom, R. I., Roundtree, and M. J., Bitner (2000), "Self-Service Technologies: Understanding Customer Satisfaction With Technology-Based Service Encounters," *Journal of Marketing*, 64 (3), 50-64.

Miles, D. (March 2004), "The UK Mortgage Market: Taking a Longer-Term View," in Final Report and Recommendations, ed. Crown copyright, Norwich: Published with the permission of HM Treasury on behalf of the Controller of Her Majesty's Stationery Office, 1-121 [online] available from <  
[http://194.109.159.7/ea/20060731065549/http://www.hm-treasury.gov.uk/d/miles04\\_470%5B1%5D.pdf](http://194.109.159.7/ea/20060731065549/http://www.hm-treasury.gov.uk/d/miles04_470%5B1%5D.pdf)>

Minichiello, V., R., Aroni, E., Timewell, and L., Alexander (1995), In-depth Interviewing: Principles, Techniques, Analysis Melbourne: Longman Australia.

Mintel (2002), "Subprime Lending," in Finance Intelligence, London: Mintel.

Mishkin, F. S. (2006), "How Big a Problem is Too Big to Fail? A Review of Gary Stern and Ron Feldman's Too Big to Fail: The Hazards of Bank Bailouts" *Journal of Economic Literature*, 44 (4), 988-1004(17) [online] available from <  
<http://www.business.unr.edu/faculty/rtl/791/toobigtotofail.pdf>>

Mitchell, R. J. (1993), "Path Analysis: Pollination," in Design and Analysis of Ecological Experiments, ed. S. M. Scheiner and J. Gurevitch, NY: Chapman and Hall, Inc., 211–31.

Mittal, B., and W. M., Lassar (1998), "Why do Customers Switch? The Dynamics of Satisfaction versus Loyalty " *Journal of Services Marketing*, 12 (3), 177 - 94.

Mobarek, A. (2007), "E-Banking Practices and Customer Satisfaction - A Case Study in Botswana," in 20th Australasian Finance & Banking Conference 2007 Paper.

Mols, N. P. (2000), "The Internet and Services Marketing – The Case of Danish Retail Banking," *Internet Research*, 10 (1), 7 – 18 [online] available from <  
<http://bubl.ac.uk/archive/journals/intres/v10n0100.htm>>

Moore, C. D. (1987), "Outclass the Competition with Service Distinction," *Mortgage Banking*, 47 (11).

Moore, G. C., and I., Benbasat (1991), "Development of an Instrument to Measure the Perceptions of Adopting an Information Technology Innovation," *Information Systems Research*, 2 (3), 192-222 [online] available from < <http://pages.cpsc.ucalgary.ca/~boyd/699/mitchell/Moore%20and%20Benbasat.pdf> f>

Moullin, M. (2002), "Defining Performance Measurement: Linking Performance Measurement and Organisational Excellence," Sheffield: Sheffield Hallam University.

Mueller, R., O., and Hancock, G., R., (2008), "Best Practices in Structural Equation Modeling" in J.W. Osborne (Ed). *Best Practices in Quantitative Methods*, London: Sage Publications.

Mui, L., M., Mohtashemi, and A., Halberstadt (2002), "A Computational Model Of Trust and Reputation," in *Proceedings of the 35th Annual Hawaii International Conference on System Sciences (HICSS)*.

Mukherjee, A., and N., Malhotra (2006), "Does Role Clarity Explain Employee-Perceived Service Quality?: A study Of Antecedents And Consequences In Call Centres," *International Journal of Service Industry Management*, 17 (5), 444-73.

Mukherjee, A., P., Nath, and M. N., Pal (2002), "Performance Benchmarking and Strategic Homogeneity of Indian Banks," *International Journal of Bank Marketing*, 20 (3), 122-39.



Munir, R., S., Perera, and K., Baird (2011), "An Analytical Framework to Examine Changes in Performance Measurement Systems within the Banking Sector," *Accounting Business and Finance Journal*, 5 (1), 93-115 [online] available from < [Munnukka, J., \(2008\), "Customers' Purchase Intentions as a Reflection of Price Perception," \*Journal of Product & Brand Management\*, 17 \(3\), 188 – 96.](http://ro.uow.edu.au/cgi/viewcontent.cgi?article=1129&context=aabfj&sei-redir=1&referer=http%3A%2F%2Fscholar.google.ae%2Fscholar%3Fhl%3Den%26q%3DMunir%252C%2BR.%252C%2BS.%252C%2BPerera%252C%2Band%2BK.%252C%2BBaird%2B%25282011%2529%252C%2B%2522An%2BA analytical%2BFramework%2Bto%2BExamine%2BChanges%2Bin%2BPerformance%2BMeasurement%2BSystems%2Bwithin%2Bthe%2BBanking%2BSector%26as_sdt%3D0%252C5%26as_ylo%3D%26as_vis%3D0#search=%22Munir%2C%20R.%2C%20S.%2C%20Perera%2C%20K.%2C%20Baird%20%282011%29%2C%20An%20Analytical%20Framework%20Examine%20Changes%20Performance%20Measurement%20Systems%20within%20Banking%20Sector%22></a></p>
</div>
<div data-bbox=)

Naeem, H., A., Akram, and M. I., Saif (December, 2009), "Service Quality and Its Impact on Customer Satisfaction: An Empirical Evidence from the Pakistani Banking Sector," *International Business & Economics Research Journal*, 8 (12), 99-104.

Natarajan, R., A., Balaram, and S. V., Ramana (1999), "Continuous Improvement of Service Operations: Application of Service Template," *Total Quality Management - Abingdon-*, 10 (6), 877-86.

Ndubisi, N. O., and Q., Sinti (2006), "Consumer Attitudes, System's Characteristics and Internet Banking Adoption in Malaysia," *Management Research News*, 29 (1/2), 16 - 27.

Netemeyer, R. G., W.O., Bearden, and S., Sharma (2003), *Scaling Procedures: Issues and Applications*, London: Sage.

Newman, K., and A., Cowling (1996), "Service Quality In Retail Banking: The Experience Of Two British Clearing Banks," *International Journal of Bank Marketing*, 14 (6), 3-11.

Ngai, E. W. T., and T. C. E., Cheng (1997), "Identifying Potential Barriers To Total Quality Management Using Principal Component Analysis And Correspondence Analysis," *International Journal of Quality & Reliability Management*, 14 (4), 391 - 408.

Nguyen, N., and G., LeBlanc (1998), "The Mediating Role of Corporate Image on Customers' Retention Decisions: An Investigation in Financial Services," *International Journal of Bank Marketing*, 16 (2), 52 – 65.

Nielsen, J. F. (2002), "Internet Technology and Customer Linking in Nordic Banking," *International Journal of Service Industry Management*, 13 (5), 475-95.

Nunnally, J. C., and I. H., Bernstein (1994), *Psychometric Theory*, New York: McGraw.

Nunnally, J. C. (1978), *Psychometric Theory*, New York: Mc-Graw-Hill.

OFT (2010), "Review of Barriers to Entry, Expansion and Exit in Retail Banking", para 3.3-3.4, November (25-26) [online] available from <  
<http://www.oft.gov.uk/OFTwork/markets-work/othermarketstwork/review-barriers/>>

Olaisen, J. (1990), *Information Quality Factors and the Cognitive Authority of Electronic Information in Wormell* London: Taylor and Graham.

Oliver, R. L., R. T., Rust, and S., Varki (1997), "Customer Delight: Foundations, Findings, and Managerial Insight," *Journal of Retailing*, 73 (3), 311-36.

Oral, M., and R., Yolalan (1990), "An Empirical Study on Measuring Operating Efficiency and Profitability of Bank Branches," *European Journal of Operational Research*, 46 (3), pp.282-94.

Pallant, J. (2005), *SPSS Survival Guide*, New York: Open University Press.

Parasuraman, A., V. A., Zeithaml, and L. L., Berry (1985), "A Conceptual Model of Service Quality and Its Implications for Future Research," *Journal of Marketing*, 49, 41-50 [online] available from  
< [http://www.aesl.nccu.edu.tw/paper\\_reading/2006/Katrina\\_2006\\_09\\_25.pdf](http://www.aesl.nccu.edu.tw/paper_reading/2006/Katrina_2006_09_25.pdf)>

Parasuraman, A., V., Zeithaml, and L., Berry (1988), "Alternative Scales For Measuring Service Quality: A Comparative Assessment Based On Psychometric And Diagnostic Criteria," *Journal of Retailing*, 70 (3), 201-30.

Parasuraman, A., L. L., Berry, and V. A., Zeithaml (1991), "Understanding Customer Expectations of Service," *Sloan Management Review*, 39-48.

Parasuraman, A., L. L., Berry, and V. A., Zeithaml (1993), "More on Improving Service Quality Measurement," *Journal of Retailing*, 69 (1), 140-47 [online] available from  
<<http://areas.kenan-flagler.unc.edu/Marketing/FacultyStaff/zeithaml/Selected%20Publications/More%20on%20Improving%20Service%20Quality%20Measurement.pdf>>

Parasuraman, A., V., Zeithaml, and L., Berry (1994b), "Reassessment of Expectations as a Comparison Standard in Measuring Service Quality: Implications for Further Research," *Journal of Marketing*, 58 (January), 111-24 [online] available from  
<<http://www.cob.unt.edu/slides/Paswan/BUSI6280/Z-parasuraman-1994-ServQual-JM.pdf>>

Parasuraman, A., J., Baker, and D., Grewal (1995), "The Effect of Store Atmosphere on Customer Quality Perceptions and Store Image," *Stores*, 77 (7).

Park- Dahlgaard, S. M., and J. J., Dahlgaard (2007), "Excellence – 25 Years Evolution," *Journal of Management History*, 13 (4), 371-93.

Patrício, L., R. P., Fisk, and J., F., Cunha (2003), "Improving satisfaction With Bank Service Offerings: Measuring the Contribution of Each Delivery Channel," *Managing Service Quality*, 13 (6), 471 – 82.

Payne, A., and J., Rickard (1993), "Relationship Marketing, Customer Retention and Service Firm Profitability," in working paper: Cranfield University.

Peers, I. (1996), *Statistical Analysis for Education and psychology Researchers*, Bristol: Flarmer Press.

Peters, T. J., and R. H., Waterman (1982), *In Search Of Excellence: Lessons from America's Best-Run Companies*, New York: Harper & Row.

Peters, T., and N., Austin (1985), "A Passion for Excellence: The Leadership Difference," *Administrative Science Quarterly*, 30 (3), 426-29.

Peters, T. (1988), "Facing Up To the Need for Management Revolution," *California Management Review* (Winter), 7-38.

Peters, T., and N., Austin (1994), *a Passion for Excellence, the Leadership Difference*, London: Harper Collins.

Phusavat, K., and W., Photaranon (2006), "Productivity/Performance Measurement: Case Application at the Government Pharmaceutical Organization," *Industrial Management Data Systems*, 106 (9), 1272-86 [online] available from <[http://gent.uab.cat/diego\\_prior/sites/gent.uab.cat/diego\\_prior/files/01\\_Phusavat%26Photaranon\\_IMDS\\_2006.pdf](http://gent.uab.cat/diego_prior/sites/gent.uab.cat/diego_prior/files/01_Phusavat%26Photaranon_IMDS_2006.pdf)>

Pilzer, P. Z. (1990), *the Theory and Practice of Economic Alchemy*, New York, NY: Crown Publishers.

Podsakoff, N. P., W., Shen, and P. M., Podsakoff (2006), *the Role of Formative Measurement Models in Strategic Management Research: Review, Critique, and Implications for Future Research*.

Pont, M., and R., Shaw (2003), "Measuring Marketing Performance: A Critique of Empirical Literature," in ANZMAC, Adelaide [online] available from <[http://www.skoposmr.co.uk/downloads/MEASURING\\_MARKETING\\_PERFORMANCE\\_A\\_CRITIQUE\\_OF\\_EMPIRICAL\\_LITERATURE.pdf](http://www.skoposmr.co.uk/downloads/MEASURING_MARKETING_PERFORMANCE_A_CRITIQUE_OF_EMPIRICAL_LITERATURE.pdf)>

Ponterotto, J. G., and I., Grieger (1999), "Merging Qualitative and Quantitative Perspectives in a Research Identity," in *Using Qualitative Methods in Psychology*, ed. M. Kopala and L A Suzuki, Thousand Oaks: CA: Sage.

Ponterotto, J. G. (2005), "Qualitative Research In Counseling Psychology: A Primer On Research Paradigms And Philosophy Of Science," *Journal of Counseling Psychology*, 52 (2), 126-36.

Prabhu, V. B., and A., Robson (2000), "Achieving Service Excellence – Measuring the Impact of Leadership and Senior Management Commitment," *Managing Service Quality*, 10 (5), 307-17.

Prakash, V. (1991), "Intensity Of Dissatisfaction and Consumer Complaint Behaviors," *Journal of Consumer Satisfaction, Dissatisfaction and Complaining Behavior*, 4, 110-22.

Pritchett, P., (2007), *Service Excellence*, Dallas, TX: Pritchett Publishing Company.

Quinn, B. (1996), "The Productivity Paradox Is False: Information Technology Improves Service Performance," *Advances in Services Marketing and Management*, 5, 16-21.

Radecki, L., J., Wenninger, and J., Orlow (1997), "Industry Structure: Electronic Delivery's Potential Effects on Retail Banking," *Journal of Retail Banking Services*, 19 (4), 57-63.

Raju, P. S., and S. C., Lonial (2002), "The Impact of Service Quality and Marketing on Financial Performance in the Hospital Industry: An Empirical Examination," *Journal of Retailing and Consumer Services*, 9 (6), 335-48.

Ramsay, J., and M., Smith (1999), "Managing Customer Channel Usage in the Australian Banking Sector," *Managerial Auditing Journal*, 14 (7), 329 - 38.

Rao, M., and D., Miller (2004), "Expert Systems Applications for Productivity Analysis," *Industrial Management & Data Systems*, 104 (9), 776-85.

Rao, A. R. (2005), "The Quality of Price as a Quality Cue," *Journal of Marketing Research*, 42 (4), 401-05.

Reeves, C. A., and D. A., Bednar (1994), "Defining Quality: Alternatives and Implications," *The Academy of Management Review*, 19 (3), 419-45.

Reichheld, F. F. (1996), "Learning from Customer Defections," *Harvard Business Review* (March-April), 56-69.

Reichheld, F. F., and W. E., Sasser (1993), "Zero Defections: Quality Comes To Services," *Harvard Business Review*, September/October, 105-11.

Reichheld, F. K., and D. W., Kenny (1990), "The Hidden Advantages of Customer Retention," *Journal of Retail Banking*, 4, 19.

Reid, M., and Y., Levy (2008), "Integrating Trust and Computer Self-Efficacy with TAM: An Empirical Assessment of Customers' Acceptance of Banking Information Systems (BIS) in Jamaica," *Journal of Internet Banking and Commerce*, 12 (3), 1-18 [online] available from <[http://www.arraydev.com/commerce/JIBC/2008-12/Levy\\_JIBCformat.pdf](http://www.arraydev.com/commerce/JIBC/2008-12/Levy_JIBCformat.pdf)>

Reinartz, W., M., Krafft, and W. D., Hoyer (2004), "The Customer Relationship Management Process: Its Measurement and Impact on Performance," *Journal of Marketing Research*, Vol. 41 (3), 293-305.

Reinartz, W., J. S., Thomas, and V., Kumar (2005), "Balancing Acquisition and Retention Resources to Maximize Customer Profitability," *Journal of Marketing*, 69 (1), 63-79 [online] available from <<http://www.jamesgwee.com/uploaded/SeminarPS/23%20JUNI%202011/Balancing%20acquisition%20and%20retention%20resources%20to%20maximize%20customer%20profitability.pdf>>

Reinartz, W., and W., Ulaga (2008), "How to Sell Services More Profitably," *Harvard Business Review*, 86 (5), 90-97 [online] available from <[https://noppa.aalto.fi/noppa/kurssi/tu-91.2510/luennot/TU-91\\_2510\\_ulaga.pdf](https://noppa.aalto.fi/noppa/kurssi/tu-91.2510/luennot/TU-91_2510_ulaga.pdf)>

Reinartz, W. J., and V., Kumar (2000), "On the Profitability of Long-Life Customers in a Noncontractual Setting: An Empirical Investigation and Implications for Marketing," *Journal of Marketing*, 64 (4), 17-35 [online] available from

<<http://4430.wwwts.au.edu.tw/ezcatfiles/4430/download/attach/2/On%20the%20Profitability%20of%20Long-Life%20Customers%20in%20a%20Noncontractual%20Setting%20An%20Empirical%20Investigation%20and%20Implications%20for%20Marketing.pdf>>

Remenyi, Dan (1995), "So You Want To Be An Academic Researcher In Business And Management Studies!." [online] available from

< <http://wlv.openrepository.com/wlv/bitstream/2436/11410/1/Remenyi.pdf>>

Remenyi, D., B., Williams, A., Money, and E., Swartz (1998), *Doing Research in Business and Management, an Introduction to Process and Method*, London: Sage.

Rennie, K. M. (1997), "Exploratory and Confirmatory Rotation Strategies in Exploratory Factor Analysis," in Annual Meeting of the Southwest Educational Research Association Austin, TX [online] available from

<[http://eric.ed.gov/ERICWebPortal/search/detailmini.jsp?\\_nfpb=true&\\_ERICExtSearch\\_SearchValue\\_0=ED406446&ERICExtSearch\\_SearchType\\_0=no&accno=ED406446](http://eric.ed.gov/ERICWebPortal/search/detailmini.jsp?_nfpb=true&_ERICExtSearch_SearchValue_0=ED406446&ERICExtSearch_SearchType_0=no&accno=ED406446)>

Resti, A. (1994), "Bank Efficiency and Returns to Scale: A Data Envelopment Analysis of Italian Banks," *Political Economics*, 10 (2), 269-91.

Robinson, T. (2000), "Internet Banking: Still Not A Perfect Marriage," *informationweek.com*, 104-6.



Rogers, J. (1998), "Monetary Shocks and Real Exchange Rates," in International Finance Discussion Paper Federal Reserve Board, Washington, DC [online] available from

<http://citeseerx.ist.psu.edu/viewdoc/download?doi=10.1.1.34.3805&rep=rep1&type=pdf>

Rose, P. S. (1990), "The Coming Revolution in Credit Cards," *Journal of Retail Banking* (12, Summer), 17- 19.

Rose, P. S. (1999), *Commercial Bank Management*, Boston: Irwin/McGraw-Hill.

Ross, S. M. (1999), *An Introduction To Mathematical Finance: Options And Other Topics*: Cambridge University Press.

Rossiter, J. R. (2002), "The C-OAR-SE Procedure for Scale Development in Marketing," *International Journal of Research in Marketing*, 19 (4), 305-35.

Roth, A. V., and M., Van Der Velde (1991), "Operations as Marketing: A Competitive Service Strategy," *Journal of Operations Management*, 10 (3), 303-28.

Roth, W. D., and J. D. Mehta (2002), "The Rashomon Effect: Combining Positivist and Interpretivist Approaches in the Analysis of Contested Events," *Sociological Methods and Research*, 31, 131-73 [online] available from <<http://www.sagepub.com/isw6/articles/ch3roth.pdf>>

Reuters (2011), "UK banks prepare for inevitable shake-up - sources," September: London [online] available from <<http://www.reuters.com/article/2011/09/01/britain-banksidUSL5E7K111Q20110901>>

Rust, R. T., and A. J., Zahorik (1993), "Customer Satisfaction, Customer Retention, and Market Share," *Journal of Retailing and Consumer Services* [online] available from < <http://www.dina.com.cn/News/UploadFiles/t8.pdf>>

Rust, R. T., and R. L., Oliver (1994), *Service Quality: New Directions In Theory And Practice*, Thousand Oaks, California: Sage Publications.

Rust, R. T., A. J., Zohorik, and T. L., Keiningham (1994), *Return on Quality: Measuring the Financial Impact of Your Company's Quest for Quality*, Burr Ridge, IL: Irwin.

Rust, R. T., A. J., Zahorik, and T. L., Keiningham (1995), "Return on Quality: Making Service Quality Financially Accountable," *Journal of Marketing*, Vol. 59, 58-70.

Rust, R. T., and R. L., Oliver (2000), "Should We Delight the Customer?," *Journal of the Academy of Marketing Science*, 28 (1), 86-94 [online] available from < <http://www.marketplanet.ru/filestore/0019/0060/825/086.pdf>>

Rust, R. T., T., G. S., Ambler, Carpenter, V., Kumar, and R. K. Srivastava (2004), "Measuring Marketing Productivity: Current Knowledge and Future Directions," *Journal of Marketing*, 68 (4), 76-89.

Sahay, B. S. (2005), "Multi-factor Productivity Measurement Model For Service Organisation," *International Journal of Productivity and Performance Management*, 54 (1), 7-22.

Santomero, A. M., and D. F., Babbel (1997), "Financial Risk Management by Insurers: An Analysis of the Process," *The Journal of Risk and Insurance*, 64 (2 June), 231-70.

Santos, J. (2003), "E-Service Quality: A Model of Virtual Service Quality Dimensions," *Managing Service Quality*, 13 (3), 233-46.

Santouridis, I., P., Trivellas, and P., Reklitis (2009), "Internet Service Quality And Customer Satisfaction: Examining Internet Banking in Greece," *20* (2), 223-39.

Sasser, E. W., P. R., Olsen, and D. D., Wyckoff (1978), *Management of Service operations: Text, cases, and readings*, Boston: Allyn and Bacon.

Scheuing, E. E., and B., Edvardson (1994), "Service Integrity," *Managing Service Quality*, 4 (4), 24-31.

Schmitt N., W., and R., J., Klimoski (1991), "Research Methods in Human Resources Management," Cincinnati, OH: Southwestern.

Schneider, B., and D. E., Bowen (1995), *Winning the Service Game*, Boston, MA: Harvard Business School Press.

Schneider, B., and D. E., Bowen (1999), "Understanding Customer Delight and Outrage," *Sloan Management Review*, 41 (1), 35-45.

Schneider, B., and D. E., Bowen (2010), *Winning the Service Game Revisiting the Rules by Which People Co-Create Value*: Harvard Business School Press.

Schneider, B., S. K., Gunnarson, and K. Niles-Jolly (1994), "Creating the Climate and Culture of Success," *Organizational Dynamics*, 23 (1), 17-29.

Scott, J. E. (February 1995), "The Measurement of Information Systems Effectiveness: Evaluating A Measuring Instrument," in *ACM SIGMIS Database*, Vol. 26, 43-61.

Sechrest, L. (1992), "Roots: Back to Our First Generations," *Evaluation Practice*, 13, 1-8.

Segars, A. H. (1997), "Assessing the Unidimensionality of Measurement: A Paradigm and Illustration within the Context of Information Systems Research," *Omega*, 25 (1), 107-21.

Seth, N., S. G., Deshmukh, and P., Vrat (2005), "Service Quality Models: A Review," *International Journal of Quality & Reliability Management*, 22 (9), 913-49 [online] available from

<[http://www.ftsm.ukm.my/aishah/paper%20pdf\\_1st%20retail/Nitin%20Seth%20Service%20quality%20models%20A%20review.pdf](http://www.ftsm.ukm.my/aishah/paper%20pdf_1st%20retail/Nitin%20Seth%20Service%20quality%20models%20A%20review.pdf)>

Al Shammari, M. and A., Al Salimi (1998), "Modelling the Operating Efficiency of Banks: A Nonparametric Methodology," *Logistic Information Management*, 11 (1), 5-17.

Sharabi, M., and M., Davidow (2010), "Service Quality Implementation: Problems and Solutions," *International Journal of Quality and Service Sciences*, 2 (2), 189-205.

Sharma, A., N., Tzokas, M., Saren, and P., Kyziridis (1999), "Antecedents and Consequences of Relationship Marketing: Insights from Business Service Salespeople," *Industrial Marketing Management*, 28 (6), 601-11.

Sharma, S., Mukherjee, S., Kumar, A., and Dillon, W.R. (2005), "A simulation study to investigate the use of cutoff values for assessing model fit in covariance structure models," *Journal of Business Research*, 58, 935-43.

Sharma, S., R. G Netemeyer, and V., Mahajan, (1990), In Search of Excellence Revisited: An Empirical Evaluation of Peters and Waterman's Attributes of Excellence. In W.O. Bearden and A. Parasuraman (eds.) *Enhancing Knowledge Development in Marketing*, 1, Chicago: American Marketing Association, 322-328.

Sherman, H. D., and F., Gold (1985), "Bank Branch Operating Efficiency: Evaluation with Data Envelopment Analysis," *Journal of Banking & Finance*, 9 (2, June), 297-315.

Shih, Y-Y., and K., Fang (2004), "The Use Of A Decomposed Theory Of Planned Behavior To Study Internet Banking in Taiwan," *Internet Research*, 14 (3), 213-23.

Shiv, B., Z., Carmon, and D., Ariely (November 2005), "Placebo Effects of Marketing Actions: Consumers May Get What They Pay For," *Journal of Marketing Research*, 42 (4), 383-93.

Silverman, D. (1993), *Interpreting Qualitative Data: Methods for Analysing Talk, Text, and Interaction*, London: Sage.

Sin, L. Y. M., A. C. B., Tse, O. H. M., Yau, J. S. Y. Lee, and R., Chow (2002), "The Effect Of Relationship Marketing Orientation On Business Performance In A Service-Oriented Economy," *Journal of Services Marketing*, 16 (7), 656 – 76.

Singh, S., and M., Komal (2009), "Impact of ATM on Customer Satisfaction (A Comparative Study of SBI, ICICI & HDFC Bank)," *Business Intelligence Journal*, 2 (2).

Sisodia, R. S. (1992), "Marketing Information and Decision Support Systems for Services," *Journal of Services Marketing*, 6 (1), 51-64.

Siu, N. Y-M., J. T-H., Cheung, (2001) "A Measure of Retail Service Quality," *Marketing Intelligence & Planning*, Vol. 19 (2), 88 – 96 [online] available from [http://www.ftsm.ukm.my/aishah/paper%20pdf\\_1st%20retail/Noel%20Siu%20A%20measure%20of%20retail%20service%20quality.pdf](http://www.ftsm.ukm.my/aishah/paper%20pdf_1st%20retail/Noel%20Siu%20A%20measure%20of%20retail%20service%20quality.pdf)>

Siu, N. Y-M., and J. C-W., Mou (2005), "Measuring Service Quality in Internet Banking," *Journal of International Consumer Marketing*, 17 (4), 99-116 [online] available from

<[http://eclass.noip.org/web/web/admr/references/Measuring\\_Service\\_Quality\\_in\\_Internet\\_Banking.pdf](http://eclass.noip.org/web/web/admr/references/Measuring_Service_Quality_in_Internet_Banking.pdf)>

Sivabrovornvatana, N., S., Siengthai, D., Krairit, and H., Paul (2005), "Technology Usage, Quality Management System, and Service Quality in Thailand," *International Journal of Health Care Quality Assurance*, 18 (6), 413-23.

Small, M. H., and M. M., Yasin (1997), "Advanced Manufacturing Technology: Implementation Policy and Performance," *Journal of Operations Management*, 15 (4), 349-70.

Smith, T. M., and J. S., Reece (1999), "The Relationship Of Strategy, Fit, Productivity, and Business Performance in A Services Setting," *Journal of Operations Management*, 17 (2), 145-61.

Sobh, R., and C., Perry (2006), "Research Design and Data Analysis in Realism Research," *European Journal of Marketing*, 40 (11/12), 1194-209.

Sohail, M. S., and N. M., Shaikh (2008), "Internet Banking and Quality of Service: Perspectives from A Developing Nation in the Middle East," *Online Information Review*, 32 (1), 58-72.

Solomon, M. R., C., Surprenant, J. A., Czepiel, and E. G., Gutman (1985), "A Role Theory Perspective on Dyadic Interactions: The Service Encounter " *Journal of Marketing*, 49 (1), 99-111 [online] available from

< <http://www.ida.liu.se/~steho/und/htdd01/5002883.pdf>>

Soteriou, A., and S., Zenious (1998), "Operations, Quality, and Profitability in the Provision of Banking Services," *Management Science*, 45 (9).

Sousa, R., and C. A., Voss (2006), "Service Quality in Multichannel Services Employing Virtual Channels," *Journal of Service Research*, 8 (4), 356-71.

Spreng, R. A., G. D., Harrell, and R. D., Mackoy (1995), "Service Recovery: Impact on Satisfaction and Intentions" *Journal of Services Marketing*, 9 (1), 15-23.

Stoner, G., and J., Holland (2004), *Using Case Studies in Finance Research*, Oxford: Elsevier.

Stonham, P. (1993), "The HSBC Holdings/ Midland Bank Takeover" in *European Case Clerning House*, Cranfield: European School of Management.

Storbacka, K., T., Strandvik, and C., Grönroos (1994), "Managing Customer Relationships for Profit: The Dynamics of Relationship Quality," *International Journal of Service Industry Management*, 5 (5), 21-38.

Stratopoulos, T., E., Charos, and K., Chaston (2000), "A Translog Estimation of the Average Cost Function of the Steel Industry with Financial Accounting Data," *International Advances in Economic Research*, 6 (2), 271-286.

Strauss, A. L., and J. M., Corbin (1990), *Basics of Qualitative Research: Grounded Theory Procedures and Techniques*, CA: Sage.

Suhr, D. (2006), "Exploratory or confirmatory factor analysis?" *Statistics and Data Analysis*, 31, Retrieved April 20, 2012, [online] available from <http://www2.sas.com/proceedings/sugi31/200-31.pdf>

Surjadjaja, H., S., Ghosh, and J., Antony (2003), "Determining and Assessing the Determinants of E-Service Operations," *Managing Service Quality*, 13 (1), 39-53.

Swanson, R., and E., Holton (2005), *Foundations and Methods of Inquiry*, San Francisco: Berrett-Koehler.

Tabachnick, B. G., and L. S., Fidell (2001), *Principal Components and Factor Analysis*, Boston: Allyn & Bacon.

Tabachnick, B., G., and L., S. Fidell (2007), *Experimental Designs Using ANOVA*, Belmont, CA: Duxbury.

Tanna, S., F., Pasiouras, and M., Nnadi (2008), "The Effect of Board Size and Composition on the Efficiency of UK Banks," in *Economics, Finance, and Accounting Applied Research Working Paper Series*, Coventry, Coventry University, 1-29 [online] available from

<<http://wwwm.coventry.ac.uk/bes/cubs/aboutthebusinessschool/Economicsfinanceandaccounting/Documents/RP2008-5.pdf>>

Tashakkori, Abbas and Charles Teddlie (2003), *Handbook of Mixed Methods in Social & Behavioral Research*, London: California: New Delhi: Sage.

Taylor, J. R. (2002), *Cognitive grammar*: Oxford University Press.

Teas, R. K. (January 1994), "Expectations as a Comparison Standard In Measuring Service Quality: An Assessment of A Reassessment," *Journal of Marketing*, 58 (1), 132-39.

Teixeira, D. W., and J. B., Ziskin (1992), "The Bank Technology Tidal Wave," *Bankers Monthly*, 109 (11), 34.

ten Berge, J. M. F. (1995), "Suppressing Permutations or Rigid Planar Rotations: A Remedy against Nonoptimal Varimax Rotations," *Psichometrika*, 3, 803-13.

Thompson, B. (2004), "Exploratory and Confirmatory Factor Analysis: Understanding Concepts and Applications," Washington, DC: American Psychological Association.



Thornton, J., and L., White (2001), "Customer Orientations and Usage of Financial Distribution Channels," *Journal of Services Marketing*, 15 (3), 168-85.

Timmers, J. G., and T., Van Der Wiele (1990), "Out of the Crisis," *The TQM Magazine*, 2 (3).

Treasury Committee and Parliament House of Commons (2011), Competition and Choice in Retail Banking. Vol. 1, Report, together with formal minutes, London: The Stationery Office.

Tsai, H-T., L., Huang, and C-G., Lin (2005), "Emerging E-Commerce Development Model for Taiwanese Travel Agencies," *Tourism Management*, 26 (5), 787-96.

Ullman, J. B. (1996), "Structural Equation Modelling," in Using Multivariate Statistics, ed. B. G. Tabachnick and L. S. Fidell, New York: Harper Collins, 709-811.

Vandenberg, R. J., and D. M., Grelle (2010), "Alternative Model Specifications in Structural Equation Modelling: Facts, Fictions, and Truth," in Statistical and Methodological Myths and Urban Legends: Doctrine, Verity and Fable in Organizational and Social Sciences, ed. Robert J. Vandenberg and Charles E. Lance, New York: Routledge, Taylor & Francis Group.

Vargo S. L., and R. F., Lusch (2004), "The Four Service Marketing Myths : Remnants of a Goods-Based, Manufacturing Model," *Journal of Service Research*, 6: 324 [online] available from  
<[http://www.iei.liu.se/program/ekprog/civilek\\_internt/ar\\_3/722g60/seminarier/valda-artiklar-infor-seminarium-1-artikelreview/1.257148/22Thefourservicemarketingmyths..22.pdf](http://www.iei.liu.se/program/ekprog/civilek_internt/ar_3/722g60/seminarier/valda-artiklar-infor-seminarium-1-artikelreview/1.257148/22Thefourservicemarketingmyths..22.pdf)>

Venetis, K. A., and P. N., Ghauri (2004), "Service Quality and Customer Retention: Building Long-Term Relationships," *European Journal of Marketing*, 38 (11/12), 1577 - 98.

Vennet, R. V. (2002), "Cost and Profit Efficiency of Financial Conglomerates and Universal Banks in Europe," *Journal of Money, Credit, and Banking*, 34 (1), 254-82.

Voss, C. A., and R., Johnston (1995), "Service in Britain: A Study of Service Management and Performance in UK Organisations," Birmingham: Severn Trent plc.

Waite, K., and T., Harrison (2004), "Online Banking Information: What we Want and what we Get," *Qualitative Market Research: an International Journal*, 7 (1), 67-79.

Wang, Y., H-P., Lo, and Y. V., Hui (2003), "The Antecedents of Service Quality And Product Quality And Their Influences On Bank Reputation: Evidence From The Banking Industry In China," *Managing Service Quality*, 13 (1), 72-83.

Wang, Y-S. (2003), "Assessment of Learner Satisfaction with Asynchronous Electronic Learning Systems," *Information & Management*, 41 (1), 75-86 [online] available from

<<http://desastres.unanleon.edu.ni/pdf2/2005/enero/parte2/pdf/eng/doc15453/doc15453-contenido.pdf>>

Westbrook, R. A., and R. L., Oliver (1991), "The Dimensionality of Consumption Emotion Patterns and Consumer Satisfaction," *Journal of Consumer Research*, 18 (1), 84 [online] available from

<[http://www.geocities.ws/matthew\\_lau2002/Downloads/Westbrook\\_satisfaction.pdf](http://www.geocities.ws/matthew_lau2002/Downloads/Westbrook_satisfaction.pdf)>

Whittington, G. (June 1980), "Some Basic Properties of Accounting Ratios," *Journal of Business Finance & Accounting*, 7 (2), 219-32.

Wiertz, C., K. de Ruyter, C. Keen, and S. Streukens (2004), "Cooperating for Service Excellence in Multichannel Service Systems: An Empirical Assessment," *Journal of Business Research*, 57 (4), 424-36.

Williams, B., V., Fender, and S., Drew (2009), "Output and Employment in the Financial Sector," in *Economic & Labour Market Review*, Vol. 7(3): Office for National Statistics, 18-25 [online] available from

< <http://onstest.landmarkgovernment.co.uk/ons/rel/elmr/economic-and-labour-market-review/no--7july-2009/economic-labour-market-review.pdf#page=18>>

Williams, J. J., and A. E., Seaman (2002), "Management Accounting Systems Change and Departmental Performance: The Influence of Managerial Information And Task Uncertainty," *Management Accounting Research*, 13 (4), 419-45.

Wirtz, J. and R., Johnston (2003), "Singapore Airlines: What It Takes To Sustain Service Excellence? A Senior Management Perspective," *Managing Service Quality*, 13 (1), 10-19 [online] available from

<[http://homepage.ntlworld.com/duc\\_huynh/PDF%20Files/SIA\\_What%20it%20takes%20to%20sustain%20service%20excellence.pdf](http://homepage.ntlworld.com/duc_huynh/PDF%20Files/SIA_What%20it%20takes%20to%20sustain%20service%20excellence.pdf)

Wirtz, J., D., Kum, and K. S., Lee (2000), "Should a Firm With A Reputation For Outstanding Service Quality Offer A Service Guarantee?," *Journal of Services Marketing*, 14 (6), 502-12.

Woodruff, R. B. (1997), "Customer Value: The Next Source for Competitive Advantage," *Journal of the Academy of Marketing Science*, 25 (2 Spring), 139-53.

World Bank (2006), "Annual Report," Washington D.C.: Office of Publisher, External Affairs.

Worthington, S., and P., Welch (2011), "Banking Without the Banks," *International Journal of Bank Marketing*, 29 (2), 190-201.

Yang, Y., (2005), "Can the Strengths of AIC and BIC be shared? A Conflict Between Model Identification And Regression Estimation," *BIOMETRIKA*, 92 (4), 937-950.

Yeh, Q-J. (Aug. 1996), "The Application of Data Envelopment Analysis in Conjunction with Financial Ratios for Bank Performance Evaluation," *The Journal of the Operational Research Society*, 47 (8), 980-88.

Yeung, H. W.-C. (1997), "Critical Realism And Realist Research In Human Geography: A Method Or A Philosophy In Search Of A Method?," *Progress In Human Geography*, 21 (1), 51-74.

Yoo, D. K., and J. A., Park (2007), "Perceived Service Quality: Analyzing Relationships among Employees, Customers, and Financial Performance," *International Journal of Quality and Reliability Management*, 24 (9), 908-26.

Yoon, S-U., J-H., Lee, K-S., Lee, and C-H., Kang (2000), "QoS Support in Mobile/Wireless Ip Networks Using Differentiated Services and Fast Handoff Method," in *Wireless Communications and Networking Conference: IEEE*, 266 - 70.

Yousafzai, S. Y., J. G. Pallister, and G. R. Foxall (February 2005), "Strategies for Building And Communicating Trust In Electronic Banking: A Field Experiment," *Psychology & Marketing*, 22 (2), 181-201.

Yu, Y. T., and A., Dean (2001), "The Contribution of Emotional Satisfaction To Consumer Loyalty" *International Journal of Service Industry Management*, 12 (3), 234-50.

Yue, P. (1992), "Data Envelopment Analysis and Commercial Bank Performance: A Primer with Applications to Missouri Banks," *Federal Reserve Bank of St Louis Review*, 74 (1), 31-45 [online] available from  
[http://www.research.stlouisfed.org/publications/review/92/01/Data\\_Jan\\_Feb1992.pdf](http://www.research.stlouisfed.org/publications/review/92/01/Data_Jan_Feb1992.pdf)>

- Zahavi, D. (2004), *Hidden Resources*, Exeter: Imprint Academic.
- Zeithaml, V., (1987), "Defining and Relating Price, Perceived Quality, and Perceived Value," Cambridge, MA: Marketing Science Institute.
- Zeithaml, V., A., Parasuraman, and L., Berry (1990), "Delivering Quality Service," *Balancing Customer Perceptions and Expectations*, 43-5.
- Zeithaml, Valarie A and MJ Bitner (1996), *Services Marketing*, International Editions: The McGraw-Hill Companies.
- Zeithaml, V. A. (2002), "Service Excellence in Electronic Channels," *Managing Service Quality*, 12 (3), 135 - 39.
- Zeithaml, V. A., and M. J., Bitner (2003), *Services Marketing: Integrating Customer Focus across the Firms*, New York: McGraw-Hill Irwin.
- Zhu, J. (2000), "Multi- Factor Performance Measure Model with an Application to Fortune 500 Companies," *European Journal of Operational Research*, Vol.123, 105-24.
- Zhu, K., K. L. Kraemer, and S., Xu (2002), "A Cross-Country Study of Electronic Business Adoption Using the Technology-Organization-Environment Framework," in *Globalization of I.T.*, Center for Research on Information Technology and Organizations: UC Irvine.
- Zikmund, W. G. (2003), "Sample Designs and Sampling Procedures," *Business Research Methods*. [online] available from <http://www.ssmhc.com/internet/home/ssmcorp.nsf/6ca2af2859f73db986257108006dce97/8f3bec7ef04c0e04862573ec00831c58?OpenDocument>

**Zineldin, M. (2005), "Quality and Customer Relationship Management (CRM) as Competitive Strategy in the Swedish Banking Industry", *The TQM Magazine*, 17 (4), 329 –44.**

**APPENDICES**

## APPENDIX I

### THE ORIGINAL ITEM POOL

#### ▪ Antecedent-Excellent Employees

1. We think that \_\_\_\_\_ employees are efficient and speedy.
  2. We feel that \_\_\_\_\_ employees are polite and friendly.
  3. We feel that \_\_\_\_\_ employees keep our confidentiality.
- 
4. In our opinion \_\_\_\_\_ employees are always available.
  5. We feel that \_\_\_\_\_ employees are friendly and courteous.
  6. We think that \_\_\_\_\_ employees have the capacity to solve problems when they arise.
  7. We think that \_\_\_\_\_ employees have a good knowledge of policies and procedures.
  8. We think that the appearance of \_\_\_\_\_ employees is appropriate.
- 
9. We think that \_\_\_\_\_ employees know very well the banks products.
  10. We receive prompt service from \_\_\_\_\_ employees.
  11. We think \_\_\_\_\_ employees have the necessary knowledge to serve promptly.
  12. We think that \_\_\_\_\_ employees know what our needs are and how \_\_\_\_\_ products can satisfy them.
- 
13. We feel that \_\_\_\_\_ employees are friendly and courteous.
  14. We feel that \_\_\_\_\_ employees are reliable and discrete.
  15. We feel that \_\_\_\_\_ services are offered in a timely manner.
- 
16. We think that \_\_\_\_\_ employees are accurate.
  17. We think that \_\_\_\_\_ employees have enough expertise.
  18. We think that \_\_\_\_\_ employees can handle complaints.
  19. We think that \_\_\_\_\_ employees can provide personalized consulting.
  20. We believe \_\_\_\_\_ employees keep privacy.
  21. We think that \_\_\_\_\_ employees provide proactive suggestions.
- 
22. We think that \_\_\_\_\_ employees' behavior instills confidence in customers.
  23. We think that \_\_\_\_\_ employees are knowledgeable.
  24. We think that \_\_\_\_\_ employees are consistently courteous with customers.
  25. We think that \_\_\_\_\_ employees give prompt services.
  26. We think that \_\_\_\_\_ employees are never too busy to respond to customers' requests.
  27. We think that \_\_\_\_\_ employees perform the business right the first time.
  28. We think that \_\_\_\_\_ employees give individual attention.
  29. We think that \_\_\_\_\_ employees tell customers exactly what will be performed.
- 
30. The \_\_\_\_\_ employees provide speedy services.
  31. The \_\_\_\_\_ provides prompt connection to contact person.
  32. The employees at \_\_\_\_\_ are competent.
  33. The \_\_\_\_\_ employees are available via email.
-



- 34. We think that \_\_\_\_\_ employees give attention.
- 35. We think that \_\_\_\_\_ employees are kind.
- 36. We think that \_\_\_\_\_ employees give efforts for the customers
- 37. We think that \_\_\_\_\_ employees recognize their customers

Items	Source	Title	Journal	Year	Context/Setting
We think that _____ employees are speedy and efficient.	Chritopher Ryder Jones	A "Scorecard" for service excellence	Measuring Business Excellence	2004	Banks-Gulf
We feel that _____ services are offered in a timely manner.	Nha Nguyen and Gaston LeBlanc	The mediating role of corporate image on customers' retention decisions: an investigation in financial services	International Journal of Bank Marketing	1998	Financial services-credit unions
We receive prompt service from _____ employees.	Antreas Athanassopoulos, Spiros Gounaris and Vlassis Stathakopoulos	Behavioural responses to customer satisfaction: an empirical study	European Journal of Marketing	2001	Banks
We think that _____ employees give prompt services.	Siu and Cheung	A measure of retail customer care	Marketing intelligence and planning	2001	Department Stores
The ____ provides prompt connection to contact person.	Hans H. Bauer, Maik Hammerschmidt and Tomas Falk	Measuring the quality of e-banking portals	International Journal of Bank Marketing	2005	Banks
The _____ employees provide speedy services.	Hans H. Bauer, Maik Hammerschmidt and Tomas Falk	Measuring the quality of e-banking portals	International Journal of Bank Marketing	2005	Banks
<b>1. Chosen Item:</b> We think that _____ employees are speedy, efficient and prompt	<b>Reason of Chosen Item:</b> Resemblance of context; banking. Driven from both Jones 2004; Athanassopoulos and Stathakopoulos 2001; Bauer <i>et al.</i> 2005				

Items	Source	Title	Journal	Year	Context/Setting
We feel that _____ employees are polite	Chritopher Ryder Jones	A "Scorecard" for service excellence	Measuring Business Excellence	2004	Banks-Gulf

and friendly.					
We feel that _____ employees are friendly and courteous.	Gaston LeBlanc and Nha Nguyen	Searching for excellence in business education: an exploratory study of customer impressions of service quality	International Journal of Educational Management	1997	Business Education
We feel that _____ employees are friendly and courteous.	Nha Nguyen and Gaston LeBlanc	The mediating role of corporate image on customers' retention decisions: an investigation in financial services	International Journal of Bank Marketing	1998	financial services-credit unions
We think that _____ employees are consistently courteous with customers.	Siu and Cheung	A measure of retail customer care	Marketing intelligence and planning	2001	Department Stores
We think that _____ employees are kind.	Josée Bloemer, Ko de Ruyter and Pascal Peters	Investigating drivers of bank loyalty: the complex relationship between image, service quality and satisfaction	International Journal of Bank Marketing	1998	Banks
<b>2. Chosen Item:</b> We feel that _____ employees are polite, friendly and kind.	<b>Reason of Chosen Item:</b> Combining between Jones 2004 and Bloemer <i>et al.</i> 1998 in the context; banking				

Items	Source	Title	Journal	Year	Context/Setting
We feel that _____ employees keep our confidentiality.	Chritopher Ryder Jones	A " Scorecard" for service excellence	Measuring Business Excellence	2004	Banks-Gulf
We feel that _____ employees keep privacy.	Josée Bloemer, Ko de Ruyter and Pascal Peters	Investigating drivers of bank loyalty: the complex relationship between image, service quality and satisfaction.	International Journal of Bank Marketing	1998	Banks
We think that	Siu and	A measure of	Marketing	2001	Department

_____employees' behavior instills confidence in customers.	Cheung	retail customer care	intelligence and planning		Stores
<b>3. Chosen Item:</b> We feel that _____ employees keep our confidentiality and privacy.	<b>Reason of Chosen Item:</b> Banking context, combined from Jones 2004 and Bloemer et al. 1998				

Items	Source	Title	Journal	Year	Context/Setting
In our opinion _____employees are always available.	Gaston LeBlanc and Nha Nguyen	Searching for excellence in business education: an exploratory study of customer impressions of service quality	International Journal of Educational Management	1997	Busines Education
We think that _____employees are never too busy to respond to customers' requests.	Siu and Cheung	A measure of retail customer care	Marketing intelligence and planning	2001	Department Stores
The _____employees are available via email.	Hans H. Bauer, Maik Hammerschmidt and Tomas Falk	Measuring the quality of e-banking portals	International Journal of Bank Marketing	2005	Banks
<b>4. Chosen Item:</b> The _____employees are available	<b>Reason of Chosen Item:</b> Banking context, Bauer 2005 et al. but adapted to be a more comprehensive statement.				

Items	Source	Title	Journal	Year	Context/Setting
We think that _____employees have the capacity to	Gaston LeBlanc and Nha	Searching for excellence in business education:	International Journal of Educational	1997	Busines Education

solve problems when they arise.	Nguyen	an exploratory study of customer impressions of service quality	Management		
We think that _____ employees can handle complaints.	Josée Bloemer, Ko de Ruyter and Pascal Peters	Investigating drivers of bank loyalty: the complex relationship between image, service quality and satisfaction	International Journal of Bank Marketing	1998	Banks
<b>5. Chosen Item:</b> We think that _____ employees can handle complaints.	<b>Reason of Chosen Item:</b> Bank Context				

Items	Source	Title	Journal	Year	Context/Setting
We think that _____ employees have a good knowledge of policies and procedures.	Gaston LeBlanc and Nha Nguyen	Searching for excellence in business education: an exploratory study of customer impressions of service quality	International Journal of Educational Management	1997	Business Education
We think that _____ employees know very well the banks products.	Antreas Athanassopoulos, Spiros Gounaris and Vlassis Stathakopoulos	Behavioural responses to customer satisfaction: an empirical study	European Journal of Marketing	2001	Banks
We think _____ employees have the necessary knowledge to serve promptly.	Antreas Athanassopoulos, Spiros Gounaris and Vlassis Stathakopoulos	Behavioural responses to customer satisfaction: an empirical study	European Journal of Marketing	2001	Banks
We think that _____ employees are knowledgeable.	Siu and Cheung	A measure of retail customer care	Marketing intelligence and planning	2001	Department Stores
We think that _____ employees have enough expertise.	Josée Bloemer, Ko de Ruyter and Pascal Peeters	Investigating drivers of bank loyalty: the complex relationship between image, service quality and satisfaction	International Journal of Bank Marketing	1998	Banks

We think that the employees at _____ are competent.	Hans H. Bauer, Maik Hammerschmidt and Tomas Falk	Measuring the quality of e-banking portals	International Journal of Bank Marketing	2005	Banks
<b>6. Chosen Item:</b> We think that _____ employees have very well knowledge, expertise and competence to serve promptly	<b>Reason of Chosen Item:</b> Bank Context, after integrating: Maik and Falk 2005; Bloemer et al. 1998; Anthassopoulos et al. 2001				

Items	Source	Title	Journal	Year	Context/Setting
We think that _____ employees can provide personalized consulting.	Josée Bloemer, Ko de Ruyter and Pascal Peeters	Investigating drivers of bank loyalty: the complex relationship between image, service quality and satisfaction	International Journal of Bank Marketing	1998	banks
We think that _____ employees give individual attention.	Siu and Cheung	A measure of retail customer care	Marketing intelligence and planning	2001	Department Stores
We think that _____ employees recognize their customers.	Josée Bloemer, Ko de Ruyter and Pascal Peeters	Investigating drivers of bank loyalty: the complex relationship between image, service quality and satisfaction	International Journal of Bank Marketing	1998	Banks
We think that _____ employees know what our needs are and how _____ products can satisfy them.	Antreas Athanassopoulos, Spiros Gounaris and Vlassis Stathakopoulos	Behavioural responses to customer satisfaction: an empirical study	European Journal of Marketing	2001	Banks
We feel that _____ employees are reliable and discrete.	Nha Nguyen and Gaston LeBlanc	The mediating role of corporate image on customers' retention decisions: an investigation in financial services	International Journal of Bank Marketing	1998	financial services-credit unions
We think that _____ employees provide	Josée Bloemer, Ko de Ruyter and Pascal Peeters	Investigating drivers of bank loyalty: the	International Journal of Bank	1998	Banks

proactive suggestions.		complex relationship between image, service quality and satisfaction	Marketing		
We think that _____employees give efforts for the customers.	Josée Bloemer, Ko de Ruyter and Pascal Peeters	Investigating drivers of bank loyalty: the complex relationship between image, service quality and satisfaction	International Journal of Bank Marketing	1998	Banks
<b>7. Chosen Item:</b> We think that _____employees can provide personalized consulting.	<b>Reason of Chosen Item:</b> Bank Context				

Items	Source	Title	Journal	Year	Context/Setting
We think that the appearance of _____employees is appropriate.	Gaston LeBlanc and Nha Nguyen	Searching for excellence in business education: an exploratory study of customer impressions of service quality	International Journal of Educational Management	1997	Busines Education
<b>8. Chosen Item:</b> We think that the appearance of _____employees is appropriate.	<b>Reason of Chosen Item:</b> Only available to describe employee appearance				

Items	Source	Title	Journal	Year	Context/Setting
We think that _____employees are accurate.	Josée Bloemer, Ko de Ruyter and Pascal Peeters	Investigating drivers of bank loyalty: the complex relationship between image, service quality and satisfaction	International Journal of Bank Marketing	1998	Banks
We think that _____employees give attention.	Josée Bloemer, Ko de Ruyter and	Investigating drivers of bank loyalty: the complex	International Journal of Bank Marketing	1998	Banks

	Pascal Peeters	relationship between image, service quality and satisfaction			
We think that _____ employees perform the business right the first time.	Siu and Cheung	A measure of retail customer care	Marketing intelligence and planning	2001	Department Stores
We think that _____ employees tell customers exactly what will be performed.	Siu and Cheung	A measure of retail customer care	Marketing intelligence and planning	2001	Department Stores
9. <b>Chosen Item:</b> We think that _____ employees are accurate.	<b>Reason of Chosen Item:</b> Bank Context.				

▪ **Antecedent – Innovation**

38. We think that the \_\_\_\_\_ offers a wide product variety
39. We think that the \_\_\_\_\_ offers flexible products that meet my needs
40. We think that the new products that \_\_\_\_\_ offers meet our needs.
41. We think that the \_\_\_\_\_ has convenient branch location and parking.
42. We feel that there is minimum waiting time for service in \_\_\_\_\_.
43. We think that \_\_\_\_\_ has tidy branch environment.
44. We think that \_\_\_\_\_ provides reliable and effective remote banking services.
45. We think that \_\_\_\_\_ provides convenient methods of resolving problems.
- 
46. We think that there is available parking in \_\_\_\_\_.
47. \_\_\_\_\_ gives access to computerized services.
- 
48. We think that the \_\_\_\_\_ branch is near our workplace.
49. We think that the \_\_\_\_\_ branch is near other buildings and other banks.
50. We think that the \_\_\_\_\_ branch is near shopping centres I usually visit.

Items	Source	Title	Journal	Year	Context/Setting
We think that the _____ has convenient branch location and parking.	Christopher Ryder Jones	A "Scorecard" for service excellence	Measuring Business Excellence	2004	Banks-Gulf
We think that there is available parking in _____.	Gaston LeBlanc and Nha Nguyen	Searching for excellence in business education: an exploratory	International Journal of Educational Management	1997	Busines Education



		study of customer impressions of service quality			
We think that the _____ branch is near our workplace.	Antreas Athanassopoulos, Spiros Gounaris and Vlassis Stathakopoulos	Behavioural responses to customer satisfaction: an empirical study	European Journal of Marketing	2001	Banks
We think that the _____ branch is near other buildings and other banks.	Antreas Athanassopoulos, Spiros Gounaris and Vlassis Stathakopoulos	Behavioural responses to customer satisfaction: an empirical study	European Journal of Marketing	2001	Banks
We think that the _____ branch is near shopping centres we usually visit	Antreas Athanassopoulos, Spiros Gounaris and Vlassis Stathakopoulos	Behavioural responses to customer satisfaction: an empirical study	European Journal of Marketing	2001	Banks
<b>10. Chosen Item:</b> We think that the _____ has convenient branch location and parking.	<b>Reason of Chosen Item:</b> Created and adapted from bank context.				

Items	Source	Title	Journal	Year	Context/Setting
We think that _____ provides reliable and effective remote banking services.	Chritopher Ryder Jones	A " Scorecard" for service excellence	Measuring Business Excellence	2004	Banks-Gulf
We think that _____ provides convenient methods of resolving problems.	Chritopher Ryder Jones	A " Scorecard" for service excellence	Measuring Business Excellence	2004	Banks-Gulf
_____ gives access to computer facilities.	Gaston LeBlanc and Nha Nguyen	Searching for excellence in business education: an	International Journal of Educational Management	1997	Busines Education

		exploratory study of customer impressions of service quality			
<b>11. Chosen Item:</b> We think that _____ provides reliable and effective remote banking services.	<b>Reason of Chosen Item:</b> Bank Context.				

Items	Source	Title	Journal	Year	Context/Setting
We think that the _____ offers a wide product variety	Antreas Athanassopoulos, Spiros Gounaris and Vlassis Stathakopoulos	Behavioural responses to customer satisfaction: an empirical study	European Journal of Marketing	2001	Banks
<b>12. Chosen Item:</b> We think that the _____ offers a wide product variety	<b>Reason of Chosen Item:</b> Bank Context				

Items	Source	Title	Journal	Year	Context/Setting
We think that the _____ offers flexible products that meet our needs	Antreas Athanassopoulos, Spiros Gounaris and Vlassis Stathakopoulos	Behavioural responses to customer satisfaction: an empirical study	European Journal of Marketing	2001	Banks
<b>13. Chosen Item:</b> We think that the _____ offers flexible products that meet my needs	<b>Reason of Chosen Item:</b> Bank Context				

Items	Source	Title	Journal	Year	Context/Setting
We think that	Antreas	Behavioural	European	2001	Banks

the new products that my _____ offers meet my needs.	Athanassopoulos, Spiros Gounaris and Vlassis Stathakopoulos	responses to customer satisfaction: an empirical study	Journal of Marketing		
<b>14. Chosen Item:</b> We think that the new products that our _____ offers meet our needs.	<b>Reason of Chosen Item:</b> Bank Context				

▪ **Antecedent – Technology**

51. We think that the transactions and statements are accurate.  
 52. We think that the \_\_\_\_\_ provides a full range of services.  
 53. We think that the \_\_\_\_\_ has efficient and effective handling of complaints.

- 
54. We think that the \_\_\_\_\_ has a sufficient number of ATM.  
 55. We think that the ATMs in \_\_\_\_\_ are in secure locations.  
 56. We think that the \_\_\_\_\_ ATM has a user friendly system.  
 57. We think that the \_\_\_\_\_ ATM are conveniently located.  
 58. We think that the \_\_\_\_\_ ATM functions well.  
 59. We think that the telephone banking has a pleasant musical background.  
 60. We think that the telephone banking has a reasonable number of voice prompts. (NOT CHOSEN)  
 61. We think that the telephone banking has a short waiting time. (NOT CHOSEN)  
 62. We think that the telephone banking gives clear instructions.  
 63. We think that the telephone banking is reliable.  
 64. We think that information in \_\_\_\_\_ is available via the internet banking.  
 65. We think that internet banking is easy to use.  
 66. We think that internet banking in \_\_\_\_\_ is secure.  
 67. We think that internet banking in \_\_\_\_\_ has an attractive website.  
 68. We think that internet banking interface in \_\_\_\_\_ is accurate.  
 69. We think that internet banking in \_\_\_\_\_ has up to date information.

- 
70. We think that \_\_\_\_\_ has a wide range of services (retirement accounts, loans for cars, foreign exchange, purchases of cars, etc.)  
 71. We think that \_\_\_\_\_ has diverse service features (different interest rates, wide range of loan periods).  
 72. We think that \_\_\_\_\_ has most service options available.  
 73. We think that \_\_\_\_\_ has followed the most advanced technology.

Items	Source	Title	Journal	Year	Context/Setting
We think that the transactions and statements are accurate.	Christopher Ryder Jones	A "Scorecard" for service excellence	Measuring Business Excellence	2004	Banks-Gulf
We think that internet banking interface in _____ is accurate.	Al Hawari and Ward	the effect of automated service quality on Australian banks' financial performance and the mediating role of customer satisfaction	marketing intelligence and planning	2006	Australian banks
We think that the _____ provides a full range of services.	Christopher Ryder Jones	A "Scorecard" for service excellence	Measuring Business Excellence	2004	Banks-Gulf
We think that _____ has a wide range of services (retirement accounts, loans for cars, foreign exchange, purchases of cars, etc.)	Al Hawari and Ward	the effect of automated service quality on Australian banks' financial performance and the mediating role of customer satisfaction	marketing intelligence and planning	2006	Australian banks
We think that _____ has most service options available.	Al Hawari and Ward	the effect of automated service quality on Australian banks' financial performance and the mediating role of customer satisfaction	marketing intelligence and planning	2006	Australian banks
We think that _____ has diverse service features (different interest rates, wide range of loan periods).	Al Hawari and Ward	the effect of automated service quality on Australian banks' financial performance and the mediating role of customer satisfaction	marketing intelligence and planning	2006	Australian banks
We think that the	Christopher	A "Scorecard"	Measuring	2004	Banks-Gulf

_____ has efficient and effective handling of complaints.	Ryder Jones	for service excellence	Business Excellence		
<b>15. Chosen Item:</b> We think that _____ h as a wide range of services and features (retirement accounts, loans for cars, foreign exchange, purchases of cars, different interest rates etc.)	<b>Reason of Chosen Item:</b> Adapted for a comprehensive and explanatory item for respondents.				

Items	Source	Title	Journal	Year	Context/Setting
We think that the _____ has a sufficient number of ATM.	Al Hawari and Ward	the effect of automated service quality on Australian banks' financial performance and the mediating role of customer satisfaction	marketing intelligence and planning	2006	Australian banks
<b>16. Chosen Item:</b> We think that the _____ has a sufficient number of ATM.	<b>Reason:</b> Sole Item.				

Items	Source	Title	Journal	Year	Context/Setting
We think that the ATMs in _____ are in secure locations.	Al Hawari and Ward	the effect of automated service quality on Australian banks' financial performance and the mediating role of customer satisfaction	marketing intelligence and planning	2006	Australian banks
We think that internet banking in _____	Al Hawari and Ward	the effect of automated	marketing intelligence	2006	Australian banks

_____ is secure.		service quality on Australian banks' financial performance and the mediating role of customer satisfaction	and planning		
<b>17. Chosen Item:</b> We think that the _____ technology such as ATM locations and internet banking is secure.	<b>Reason:</b> Created and adapted to literature.				

Items	Source	Title	Journal	Year	Context/Setting
We think that the _____ ATM has a user friendly system.	Al Hawari and Ward	the effect of automated service quality on Australian banks' financial performance and the mediating role of customer satisfaction	marketing intelligence and planning	2006	Australian banks
We think that the telephone banking gives clear instructions.	Al Hawari and Ward	the effect of automated service quality on Australian banks' financial performance and the mediating role of customer satisfaction	marketing intelligence and planning	2006	Australian banks
We think that internet banking is easy to use.	Al Hawari and Ward	the effect of automated service quality on Australian banks' financial performance and the mediating role of customer satisfaction	marketing intelligence and planning	2006	Australian banks
<b>18. Chosen Item:</b> We think that the _____ provides technology (such as ATM, telephone banking, and internet banking) that is easy to use.	<b>Reason:</b> Created and Adapted to literature				

Items	Source	Title	Journal	Year	Context/Setting
We think that the _____	Al Hawari and Ward	the effect of automated service	marketing intelligence	2006	Australian banks

ATM functions well.		quality on Australian banks' financial performance and the mediating role of customer satisfaction	and planning		
We think that the telephone banking is reliable.	Al Hawari and Ward	the effect of automated service quality on Australian banks' financial performance and the mediating role of customer satisfaction	marketing intelligence and planning	2006	Australian banks
<b>19. Chosen Item:</b> We think the technology in _____ is reliable and functions well.	<b>Reason:</b> Created and Adapted to literature				

Items	Source	Title	Journal	Year	Context/Setting
We think that the _____ ATM are conveniently located.	Al Hawari and Ward	the effect of automated service quality on Australian banks' financial performance and the mediating role of customer satisfaction	marketing intelligence and planning	2006	Australian banks
We think that information in _____ is available via the internet banking.	Al Hawari and Ward	the effect of automated service quality on Australian banks' financial performance and the mediating role of customer satisfaction	marketing intelligence and planning	2006	Australian banks
We think that the telephone banking has a pleasant musical background.	Al Hawari and Ward	the effect of automated service quality on Australian banks' financial performance and the mediating role of customer satisfaction	marketing intelligence and planning	2006	Australian banks
We think that	Al Hawari and	the effect of	marketing	2006	Australian

internet banking in _____has an attractive website.	Ward	automated service quality on Australian banks' financial performance and the mediating role of customer satisfaction	intelligence and planning		banks
<b>20. Chosen Item:</b> We think that the technology (such as ATM locations and internet banking information..etc.) that the _____provides is conveniently available.	<b>Reason:</b> Created to a comprehensive manner and Adapted to literature				

We think that internet banking in _____has up to date information.	Al Hawari and Ward	the effect of automated service quality on Australian banks' financial performance and the mediating role of customer satisfaction	marketing intelligence and planning	2006	Australian banks
We think that _____has followed the most advanced technology.	Al Hawari and Ward	the effect of automated service quality on Australian banks' financial performance and the mediating role of customer satisfaction	marketing intelligence and planning	2006	Australian banks
<b>21. Chosen Item:</b> We think that the technology used in _____ is most advanced and up to date technology.	<b>Reason:</b> Created and adapted to literature.				

#

▪ **Antecedent – Rates**

74. We think that \_\_\_\_\_ has the lowest charges for loans/ overdrafts.  
 75. We think that \_\_\_\_\_ has the lowest service charges/fees/commissions.  
 76. We think that \_\_\_\_\_ has the highest interest on deposits.



77. We think that the loan interest rates of our \_\_\_\_\_ are less than other banks.

78. We think that the deposit interest rates of our \_\_\_\_\_ are higher than other banks.

79. We feel that pay a lot on commissions charged.

80. \_\_\_\_\_

81. We think that the \_\_\_\_\_ offers competitive rates on loans and deposits.

82. At \_\_\_\_\_, we believe that management has the customer's best interests at heart.

83. We think that the \_\_\_\_\_ is adequately explaining service charges.

84. We think that the \_\_\_\_\_ charges acceptable fees.

85. We think that the \_\_\_\_\_ charges competitive fees.

Items	Source	Title	Journal	Year	Context/Setting
We think that _____ has the lowest charges for loans/ overdrafts.	Chritopher Ryder Jones	A "Scorecard" for service excellence	Measuring Business Excellence	2004	Banks-Gulf
We think that _____ has the highest interest on deposits.	Chritopher Ryder Jones	A "Scorecard" for service excellence	Measuring Business Excellence	2004	Banks-Gulf
We think that the loan interest rates of my bank are less than other banks.	Antreas Athanassopoulos, Spiros Gounaris and Vlassis Stathakopoulos	Behavioural responses to customer satisfaction: an empirical study	European Journal of Marketing	2001	Banks
We think that the deposit interest rates of our _____ are higher than other _____.	Antreas Athanassopoulos, Spiros Gounaris and Vlassis Stathakopoulos	Behavioural responses to customer satisfaction: an empirical study	European Journal of Marketing	2001	Banks
We think that the _____ offers competitive rates on loans and deposits.	Nha Nguyen and Gaston LeBlanc	The mediating role of corporate image on customers' retention decisions: an investigation in financial services	International Journal of Bank Marketing	1998	financial services-credit unions
<b>22. Chosen Item:</b> We think that	<b>Reason:</b> Most descriptive and				

the _____ offers competitive rates on loans.	comprehensive				
<b>23. Chosen Item:</b> We think that the _____ offers competitive rates on deposits.	<b>Reason:</b> Most descriptive and comprehensive				

Items	Source	Title	Journal	Year	Context/Setting
We think that _____ has the lowest service charges/fees/commissions.	Chritopher Ryder Jones	A "Scorecard" for service excellence	Measuring Business Excellence	2004	Banks-Gulf
We feel that at _____ we pay less on commissions charged.	Antreas Athanassopoulos, Spiros Gounaris and Vlassis Stathakopoulos	Behavioural responses to customer satisfaction : an empirical study	European Journal of Marketing	2001	Banks
We think that the _____ is adequately explaining service charges.	Al Hawari and Ward	the effect of automated service quality on Australian banks' financial performance and the mediating role of customer satisfaction	marketing intelligence and planning	2006	Australian banks
We think that the _____ charges acceptable fees.	Al Hawari and Ward	the effect of automated service quality on Australian banks' financial performance and the mediating role of customer satisfaction	marketing intelligence and planning	2006	Australian banks

We think that the _____ charges competitive fees.	Al Hawari and Ward	the effect of automated service quality on Australian banks' financial performance and the mediating role of customer satisfaction	marketing intelligence and planning	2006	Australian banks
<b>24. Chosen Item:</b> We think that the _____ charges competitive fees.	<b>Reason:</b> thought to be the best reflective within the context of excellence.				

Items	Source	Title	Journal	Year	Context/Setting
At _____, we believe that management has the customer's best interests at heart.	Nha Nguyen and Gaston LeBlanc	The mediating role of corporate image on customers' retention decisions: an investigation in financial services	International Journal of Bank Marketing	1998	financial services-credit unions
<b>25. Chosen Item:</b> At _____, we believe that management has the customer's best interests at heart.	<b>Reason:</b> Sole Item				

▪ **Antecedent – Reputation**

86. We think that the \_\_\_\_\_ has excellent overall reputation and corporate image.

87. We think that the \_\_\_\_\_ is a top competitor in its market.

88. As far as we know, \_\_\_\_\_ is recognised world-wide.

89. We believe that \_\_\_\_\_ performs at a premium level.

Items	Source	Title	Journal	Year	Context/Setting
We think that the _____ has excellent overall reputation and corporate image.	Christopher Ryder Jones	A "Scorecard" for service excellence	Measuring Business Excellence	2004	Banks-Gulf
<b>26. Chosen Item:</b> We think that the _____ has excellent overall reputation and corporate image.	<b>Reason:</b> Sole Item				

Items	Source	Title	Journal	Year	Context/Setting
We think that the _____ is a top competitor in its market.	Markus Eberl and Manfred Schwaiger	Corporate Reputation: disentangling the effects on financial performance	European Journal of Marketing	2005	firms
<b>27. Chosen Item:</b> We think that the _____ is a top competitor in its market.	<b>Reason:</b> Sole Item				

Items	Source	Title	Journal	Year	Context/Setting
As far as we know, _____ is recognized world-wide.	Markus Eberl and Manfred Schwaiger	Corporate Reputation: disentangling the effects on financial performance	European Journal of Marketing	2005	Firms
We believe that _____ performs at a premium level.	Markus Eberl and Manfred Schwaiger	Corporate Reputation: disentangling the effects on financial performance	European Journal of Marketing	2005	Firms
<b>28. Chosen Item:</b> As far as we know, _____ is recognized world-wide.	<b>Reason:</b> Sole Item				

## APPENDIX II THE MAIN QUESTIONNAIRE

### Participant Information Sheet<sup>37</sup>

#### **Study title:**

Modelling Service Excellence: The Case of the UK Banking Sector

#### **What is the purpose of the study?**

The overall aim of the study is to develop an instrument for Modelling service excellence, and link the outcome with financial performance.

#### **Why have I been approached?**

For the purpose of this study, I need to recruit participants who can be defined as potential retail banking customers in the UK. This is the only criterion for recruiting participants in the study.

#### **Do I have to take part?**

No. Participation is entirely voluntary. You can withdraw from the survey at any point during the survey and at the next two weeks following the study. To withdraw, please contact me either by phone or by email and provide your participant information number on or before 30th September 2010. Both the number and the email address are given at the bottom of page 2 on this sheet. If you decide to withdraw, all your data will be destroyed and will not be used in the study. There are no consequences for withdrawing from the study.

#### **What are my rights?**

You have the right not to participate in this survey even if you agree to participate but you change your mind later on or decide to withdraw at any point during the experiment. Please contact me using the telephone number or email addresses stated below. If you decide to withdraw, all your data will be destroyed and will not be used in the study.

---

<sup>37</sup> As referred to by Appendix 5 in the Ethics Approval Form.

**What will happen to me if I take part?**

You will be asked to participate as a respondent in the main survey. The survey will take place at your convenience and will take 10-15 minutes. Before you start filling the survey, you will be briefed about the survey, and any questions you have will be clarified. If you wish, you may take a break during filling the survey. The data will only be used by myself during the analysis and will not be made available to third parties under any circumstances.

**Will my taking part in this study be kept confidential?**

Yes. Only my Director of Studies and myself will have access to the raw data. All the consent forms will be stored in a separate, secure (locked) location. You will only be identified on the score sheet by your participant code number. When the data has been entered into a computer file, your scores will only be associated with your code number and access to the file will be password protected. I will only retain the raw data for the research until my final results of the doctoral program have been given. The raw data will then be destroyed.

**What will happen to the results of the research study?**

The results will be analysed, written up and presented as part of my doctoral thesis. Also the results will be presented at academic conferences and / or written up for publication in peer reviewed academic journals. In all these events, only participant code number will be used if necessary and your personal information will not be disclosed at any time under any circumstance.

**Who is funding this research?**

This research is self-funded only. No bank is funding this research.

**Who has reviewed the study?**

Coventry University Ethics Committee has reviewed and approved this study.

Contact for Further Information

Dima Al- Eisawi

eisawid2@coventry.ac.uk

Contact telephone number – Mobile: (from 9.00 am – 5.00pm)

Phone number removed from the electronic version

**Complaints**

Professor Ian Marshall, Pro-Vice-Chancellor (Research), Coventry University

i.marshall@coventry.ac.uk or + 44 (0)24 7679 5294

Participant Consent Form <sup>38</sup>**Study Title**

Modelling Service Excellence: The Case of the UK Banking Sector

Participant Reference Code \_\_\_\_\_

I have read and understood the attached participant information sheet and by signing below I consent to participate in this study.

I understand that I have a right to withdraw before or during the studies without giving any reason.

Signed: \_\_\_\_\_

Print name: \_\_\_\_\_

Witnessed by: \_\_\_\_\_

Print name: \_\_\_\_\_

Researcher's signature: \_\_\_\_\_

---

<sup>38</sup> As referred to by Appendix 3 in the Ethics Approval Form.





**Coventry University**  
**Faculty of Business, Environment and Society**

**Modelling Service Excellence:**  
**The Case of the UK Banking Sector**

*This questionnaire attempts to evaluate your perception towards the main bank that you deal with. We kindly request you to spare us 10-15 minutes, to answer the questions in each section. By doing this, you will help us in assessing the quality of bank services. We would like to assure you that all your answers will be treated in full confidentiality, and will be used for academic research purposes only.*

**Part One: This part consists of 4 questions relating to the Main Bank you usually deal with.**

**Q.1** Please name the MAIN bank you deal with:

---

**Q.2** How long have you been a customer of your MAIN bank?

Less than 1 year	<input type="checkbox"/>	6 – 10 years	<input type="checkbox"/>	21 – 25 years	<input type="checkbox"/>
1 – 2 years	<input type="checkbox"/>	11 – 15 years	<input type="checkbox"/>	Over 26 years	<input type="checkbox"/>
3 – 5 years	<input type="checkbox"/>	16 – 20 years	<input type="checkbox"/>		

**Q.3** Which of the following services do you use from your MAIN BANK? (please tick all that apply)

Current Account	<input type="checkbox"/>	Mortgage	<input type="checkbox"/>	Car insurance	<input type="checkbox"/>
Savings Account	<input type="checkbox"/>	Life Insurance	<input type="checkbox"/>	Other investment	<input type="checkbox"/>
Loan	<input type="checkbox"/>	Endowment	<input type="checkbox"/>	Unit trusts	<input type="checkbox"/>
Credit card	<input type="checkbox"/>	House/contents insurance	<input type="checkbox"/>	Pension	<input type="checkbox"/>

**Q.4** From the following list please indicate in rank order (1 = most important 2= second most important) the top two reasons for choosing your bank.

Reputation	<input type="checkbox"/>	Convenience	<input type="checkbox"/>
Rates	<input type="checkbox"/>	Excellent Employees	<input type="checkbox"/>
Innovation	<input type="checkbox"/>	Technology	<input type="checkbox"/>

**Part Two: This part consists of a rating of the services that your main bank provides.**

Directions:

- Each of the following statements relate **to your personal** rating of the MAIN bank you have indicated in **Q1**.
- On a scale of 1 to 5 (where 1 represents “strongly disagree”, and 5 represents “strongly agree”, how will you rate the following statements relating to your bank (please CIRCLE one applicable number).

	<b>Strongly Disagree</b>		<b>Neutral</b>		<b>Strongly Agree</b>
1. My bank offers a wide product range.	1	2	3	4	5
2. My bank is a top competitor in its market.	1	2	3	4	5
3. My bank has the customer's best interests at heart.	1	2	3	4	5
4. My bank offers the lowest rates on loans.	1	2	3	4	5
5. My bank's employees are knowledgeable.	1	2	3	4	5
6. My bank charges competitive fees.	1	2	3	4	5
7. My bank deals well with problems.	1	2	3	4	5
8. At my bank, products are continually updated.	1	2	3	4	5
9. My bank offers flexible products that meet my needs.	1	2	3	4	5
10. My bank's employees can resolve complaints.	1	2	3	4	5
11. My bank has convenient branch locations.	1	2	3	4	5
12. My bank provides reliable and effective remote banking services.	1	2	3	4	5
13. My bank's employees deal with requests promptly.	1	2	3	4	5
14. My bank offers the highest rates on deposits.	1	2	3	4	5
15. My bank's employees are always available.	1	2	3	4	5
16. My bank makes service personal.	1	2	3	4	5
17. My bank delivers the promise.	1	2	3	4	5
18. My bank's employees are polite/ friendly.	1	2	3	4	5
19. My Bank's technology, such as ATM locations and internet banking, is secure.	1	2	3	4	5
20. The technology at my bank is reliable and functions well.	1	2	3	4	5
21. My bank has a sufficient number of ATMs.	1	2	3	4	5
22. My bank is recognized world-wide.	1	2	3	4	5

	Strongly Disagree		Neutral		Strongly Agree
23. My bank uses the most advanced and up to date technology.	1	2	3	4	5
24. The new products that my bank offers meet our needs.	1	2	3	4	5
25. My bank provides conveniently available technology (such as ATM locations and internet banking information...etc.).	1	2	3	4	5
26. My bank goes the extra mile.	1	2	3	4	5
27. My bank's employees are accurate/ do not make errors.	1	2	3	4	5
28. My bank has excellent overall reputation/ corporate image.	1	2	3	4	5

**Part Three: Please answer the following questions about yourself, by ticking the appropriate box.**

Sex                      Male ☐ <sup>1</sup> Female ☐ <sup>2</sup>

Marital Status                      Married ☐ <sup>1</sup> Single ☐ <sup>2</sup> Divorced ☐ <sup>3</sup> Other ☐ <sup>4</sup>

**Age Group**

18 - 24 ☐ <sup>1</sup> 25 - 30 ☐ <sup>4</sup> 31 - 35 ☐ <sup>3</sup>

36 - 40 ☐ <sup>4</sup> 41 - 45 ☐ <sup>5</sup> 46 - 50 ☐ <sup>6</sup>

51 - 55 ☐ <sup>7</sup> 56-60 ☐ <sup>8</sup> Over 60 ☐ <sup>9</sup>

**Thank you for participating in this questionnaire.**

### APPENDIX III

#### THE ETHICS APPROVAL FORM

#### Medium to High Risk Research Ethics Approval

##### Read this first

##### Who should use this checklist?

You should only use this checklist if you are carrying out research or consultancy project through Coventry University: This includes:

Members of academic, research or consultancy staff.

Honorary and external members of staff.

Research degree students (MA/MSc by Research, MPhil or PhD).

Professional degree students (EdD, EngD, DClinPsyc, DBA etc.).

Undergraduate students who have been directed to complete this checklist.

Taught postgraduate students who have been directed to complete this checklist.

##### Who should not use this checklist?

You should not use this checklist if you are:

An undergraduate student (Use the low risk ethics approval checklist first).

A taught postgraduate student (Use the low risk ethics approval checklist first).

A member of staff evaluating service level quality (Use the low risk ethic approval checklist first)

Carrying out medical research or consultancy involving the NHS (Use the NHS online Research Ethics Committee approval form).

##### Can I begin work before the project is ethically approved?

**No.** Primary data collection cannot begin until you have approval from one of the following:

The University Applied Research Committee (UARC)

The Research Degrees Sub-Committee (RDSC)

An External Research Ethics Committee (NHS Research Ethics Committee, Lead Partner University etc.).

Alternatively, if you have established that your project does not require ethical approval using:

Low Risk Ethical Approval Checklist

Medium to High Risk Research Ethics Approval Checklist

##### What will happen if I proceed without approval or falsely self-certify research ethics approval?

Collecting primary data in the absence of ethical approval or falsely self-certifying the level of risk associated with a project will constitute a **disciplinary offence**.

For **Students** – this means disciplinary action resulting in immediate failure in any module or project associated with the research and potentially dismissal from the University.

For **Staff** – This means disciplinary action, which may potentially lead to dismissal. If you do not have ethical approval, the University's insurers will not cover you for legal action or claims for injury. In addition, you may be debarred from membership of some professional or statutory bodies and excluded from applying for some types of employment or research funding opportunities.

**What happens if the project changes after approval?**

If after receiving ethical approval your project changes such that the information provided in this checklist is no longer accurate, then the ethical approval is automatically suspended. You must re-apply for ethical approval immediately and stop research based on the suspended ethical approval.

**What about multi-stage projects?**

If you are working on a project which involves multi-stage research, such as a focus group that informs the design of a questionnaire, you need to describe the process and focus on what you know and the most risky elements. If the focus group radically changes the method you are using then you need to re-apply for the ethical approval. Is there any help available to complete this checklist?

Guidance can be found in the ethics section of the Registry Research Unit Intranet. You will find documents dealing with specific issues in research ethics and examples of participant information leaflets and informed consent forms. Further advice is also available from:

Director of Studies (Students)

Faculty Research Ethics Leader (Academic Staff)

Registry Research Unit (Students and Staff)

**Which sections of the checklist should I complete?**

<b>If your project involves:</b>	<b>Please complete sections</b>
Desk-research only, using only secondary or published sources.	<b>1, 2 and 16</b>
An application to an External Research Ethics Committee other than the NHS.	<b>1 to 4 and 16</b>
Collection and/or analysis of primary, unpublished data from, or about, identifiable, living humans (either in laboratory or in non-laboratory settings).	<b>1 to 15 and 16</b>
Collection and/or analysis of data about the behaviour of humans in situations where they might reasonably expect their behaviour not to be observed or recorded.	
Collection and/or analysis of primary, unpublished data from, or about, people who have recently died.	
Collection and/or analysis of primary, unpublished data from, or about, existing agencies or organisations.	
Investigation of wildlife in its natural habitat.	<b>1 to 5, 15 and 16</b>
Research with animals other than in their natural settings.	<b>Do not complete this checklist.</b> Contact the Registry Research Unit for advice
Research with human tissues or body fluids.	
Research involving access to NHS patients, staff, facilities or research which requires access to participants who are mentally incapacitated.	<b>Do not complete this checklist.</b> Make an application using the on-line NHS Research Ethics Committee approval form

**How many details do I need to give in the checklist?**

Please keep the details as brief as possible but you need to provide sufficient information for peer reviewers from the Research Ethics Panel to review the ethical aspects of your project.

**Who are the Faculty Research Ethics Leaders?**

Check the Registry Research Unit Intranet site for the most up to date list of Faculty Research Ethics Leaders.

**How long will it take to carry out the review?**

If your project requires **ethical peer review** you should submit this to the Registry Research Unit at **least three** months before the proposed start date of your project.

How do I submit this checklist?

The completed checklist and any attachments must be submitted to [ethics.uni@coventry.ac.uk](mailto:ethics.uni@coventry.ac.uk)

**Medium to High Risk Research Ethics Approval Checklist****1 Project Information (Everyone)**

Title of Project: <b>Modelling Service Excellence: The Case of the UK Banking Sector</b>
Name of Principal Investigator (PI) or Research or Professional Degree Student <b>Dima Al- Eisawi</b>
Faculty, Department or Institute <b>Faculty of Business, Environment &amp; Society</b>
Names of Co-investigators (CIs) and their organisational affiliation <b>N/A</b>
How many additional research staff will be employed on the project? <b>NONE</b> Names and their organisational affiliation (if known)
Proposed project start date (At least three months in the future) <b>09/2010</b>
Estimated project end date <b>03/2011</b>
Who is funding the project? <b>Self-Funded Only.</b> Has funding been confirmed? <b>YES</b>
Code of ethical practice and conduct most relevant to your project: <b>Social Research Association</b> <b>Marketing Research Association</b>

**Students Only**

Degree being studied (MSc/MA by Research, MPhil, PhD, EngD, etc.). <b>PhD</b>
Name of your Director of Studies <b>Dr. Harjit Sekhon</b>
Date of Enrolment <b>November 2007</b>

**2. Does this project need ethical approval?**

<b>Questions</b>	<b>Yes</b>	<b>No</b>
Does the project involve collecting primary data from, or about, living human beings?	<b>X</b>	
Does the project involve analysing primary or unpublished data from, or about, living human beings?	<b>X</b>	
Does the project involve collecting or analysing primary or unpublished data about people who have recently died other than data that are already in the public domain?		<b>X</b>
Does the project involve collecting or analysing primary or unpublished data about or from organisations or agencies of any kind other than data that are already in the public domain?		<b>X</b>
Does the project involve research with non-human vertebrates in their natural settings or behavioural work involving invertebrate species not		<b>X</b>



covered by the Animals Scientific Procedures Act (1986)? <sup>39</sup>		
Does the project place the participants or the researchers in a dangerous environment, risk of physical harm, psychological or emotional distress?		<b>X</b>
Does the nature of the project place the participant or researchers in a situation where they are at risk of investigation by the police or security services?		<b>X</b>

If you answered **Yes** to **any** of these questions, proceed to **Section 3**.

If you answered **No** to **all** these questions:

You **do not** need to submit your project for peer ethical review and ethical approval.

You should sign the Declaration in **Section 16** and keep a copy for your own records.

Students must ask their Director of Studies to countersign the declaration and they should send a copy for your file to the Registry Research Unit.

### 3 Does the project require Criminal Records Bureau checks?

Questions	Yes	No
Does the project involve direct contact by any member of the research team with children or young people under 18 years of age?		<b>X</b>
Does the project involve direct contact by any member of the research team with adults who have learning difficulties?		<b>X</b>
Does the project involve direct contact by any member of the research team with adults who are infirm or physically disabled?		<b>X</b>
Does the project involve direct contact by any member of the research team with adults who are resident in social care or medical establishments?		<b>X</b>
Does the project involve direct contact by any member of the research team with adults in the custody of the criminal justice system?		<b>X</b>
Has a Criminal Records Bureau (CRB) check been stipulated as a condition of access to any source of data required for the project?		<b>X</b>

If you answered **Yes** to **any** of these questions, please:

Explain the nature of the contact required and the circumstances in which contact will be made during the project.

N/A

### 4 Is this project liable to scrutiny by external ethical review arrangements?

Questions	Yes	No
Has a favourable ethical opinion been given for this project by an external research ethics committee (e.g. social care, NHS or another University)?		<b>X</b>
Will this project be submitted for ethical approval to an external research ethics committee (e.g. social care, NHS or another University)?		<b>X</b>

If you answered **No** to **both** of these questions, please proceed to **Section 5**.

If you answered **Yes** to **either** of these questions:

<sup>39</sup> The Animals Scientific Procedures Act (1986) was amended in 1993. As a result the common octopus (*Octopus vulgaris*), as an invertebrate species, is now covered by the act.

Sign the Declaration in **Section 16** and send a copy to the Registry Research Unit. Students must get their Director of Studies to countersign the checklist before submitting it.

## 5 More detail about the project

What are the aims and objectives of the project?

### **Overall Aim Of The Study :**

To measure the effect of service excellence within the banking sector.

### **The Draft Objectives Of The Research Thesis Are As Follows:**

To define service excellence.

To identify the determinants of service excellence relevant to the retail banking sector.

To develop a model for service excellence relevant to the retail banking sector.

To link service excellence with financial performance of banks in the UK, if possible.

Briefly describe the principal methods, the sources of data or evidence to be used and the number and type of research participants who will be recruited to the project.

### **General Overview**

This study will confine itself within the bank marketing paradigm and will utilise a positivist approach, which will be in the form of a hypothetico-deductive model. Data will be collected through secondary and primary sources. A conceptual framework will be proposed. Subsequently items, in the form of questionnaire, will be tested with customers of banks in the UK. The measurement will be evaluated and reported accordingly.

### **Objective**

To develop and assess a multi-item measurement instrument in terms of its validity and reliability based on a hybrid of Rossiter (2002), Diamantopoulos and Winklhofer (2001) and Churchill (1979) procedures for developing scales/indices aimed at generating a sample of items for the scale/index.

### **Item Creation**

New items were created and drawn from the existing literature, and based on previously validated scales (Please see Appendix 1).

### **Item Development**

The main survey will be distributed to retail banking customers to measure their perceptions of service excellence. The items for the main research instrument, the survey, were developed based on the literature. Validation of the scale will be undertaken to refine the parameters, which will include piloting the initial survey, to ensure that respondents fully understand the questionnaire.

### **Time Frame**

The main survey is expected to commence 1<sup>st</sup> September 2010 and is expected to be completed by the end of October 2010 (might need to be extended until March 2011, if required).

### **Sampling**

Potential retail banking customers in the UK will be sampled through a convenience

sampling method. Only respondents over the age of 18 will be contacted.

The researcher will mainly contact participants in academic conferences, which will be held in different cities in the UK. The respondents will be approached after asking the organizing body of the conferences for permission, starting with conferences which are relevant to the subject of this research. If the conference organisers do not grant permission for a certain conference, then this decision will be respected, and another conference will be approached. There are more than 96 academic conferences scheduled in September 2010, in the UK. The target sample size for this research, to give meaningful results, is 200 bank customers, which is the recommended sample size for Structural Equation Modelling analysis (Hair *et al.* 2006). If we receive an average of 35 responses per conference, it is planned to approach  $\pm 6$  conferences. To give more space for the target sample to be fulfilled, the research's end time, might need to be extended until March 2011, instead of October 2010.

What research instrument(s), validated scales or methods will be used to collect data? The main research instrument for this research will be a questionnaire survey. Potential respondents will be contacted face to face at academic marketing conferences. The research instrument draws on the existing literature. Both publically validated scale items and new research items, which were validated through existing literature, were used in developing the main survey. Survey participants will be handed a paper (hard copy) questionnaire to complete.

If you are using an externally validated research instrument, technique or research method, please specify.

If you are not using an externally validated scale or research method, please attach a copy of the research instrument you will use to collect data. For example, a measurement scale, questionnaire, interview schedule, observation protocol for ethnographic work or, in the case of unstructured data collection, a topic list. (Please see Appendix2)

## 6 Confidentiality, security and retention of research data

Questions	Yes	No
Are there any reasons why you cannot guarantee the full security and confidentiality of any personal or confidential data collected for the project?		<b>X</b>
Is there a significant possibility that any of your participants, or people associated with them, could be directly or indirectly identified in the outputs from this project?		<b>X</b>
Is there a significant possibility that confidential information could be traced back to a specific organisation or agency as a result of the way you write up the results of the project?		<b>X</b>
Will any members of the project team retain any personal or confidential data at the end of the project, other than in fully anonymised form?		<b>X</b>
Will you or any member of the team intend to make use of any confidential information, knowledge, trade secrets obtained for any other purpose than this research project?		<b>X</b>

If you answered **No** to **all** of these questions:

Explain how you will ensure the confidentiality and security of your research data, both during and after the project.

The main questionnaire survey will not involve the collection of personal information from participants. No reference will be made about the identity of participants, and reporting will only be at an aggregated level. Only for classification purposes, demographic data such as age and gender will be requested and for any aggregated reporting to highlight significant differences between groups. There will not be any other classification type data. When signing the information consent form, confidentiality issues will be fully explained, and any questions will be answered. Names of the participants will not be collected; instead completed questionnaires will be allocated codes for analysis purposes. The collected data will be kept in a password protected folder. In addition, any information will only be shared with my Director of Studies, again not identifying individual sample members.

If you answered **Yes** to **any** of these questions:

Explain the reasons why it is essential to breach normal research protocol regarding confidentiality, security and retention of research data.

N/A

## 7 Informed consent

Questions	Yes	No
Will all participants be fully informed why the project is being conducted and what their participation will involve and will this information be given before the project begins?	<b>X</b>	
Will every participant be asked to give written consent to participating in the project before it begins?	<b>X</b>	
Will all participants be fully informed about what data will be collected and what will be done with these data during and after the project?	<b>X</b>	
Will explicit consent be sought for audio, video or photographic recording of participants?	<b>N/A</b>	
Will every participant understand what rights they have not to take part, and/or to withdraw themselves and their data from the project if they do take part?	<b>X</b>	
Will every participant understand that they do not need to give you reasons for deciding not to take part or to withdraw themselves and their data from the project and that there will be no repercussions as a result?	<b>X</b>	
If the project involves deceiving or covert observation of participants, will you debrief them at the earliest possible opportunity?	<b>N/A</b>	

If you answered **Yes** to **all** these questions:

Explain briefly how you will implement the informed consent scheme described in your answers.

Attach copies of your participant information leaflet, informed consent form and participant debriefing leaflet (if required) as evidence of your plans.

All participants will be briefed about the research study before the beginning of the research survey, where it will be explained to the participants that participation will be entirely voluntary, and if they decide to take part, they will be assured about the confidentiality of the survey (Please see Appendix 4). After explaining the rights to participate or to withdraw, every participant will be requested to sign a written consent form (Appendix 3).

If you answered **No** to **any** of these questions:

Explain why it is essential for the project to be conducted in a way that will not allow all participants the opportunity to exercise fully-informed consent.

Explain how you propose to address the ethical issues arising from the absence of transparency.

Attach copies of your participant information sheet and consent form as evidence of your plans.

## 8 Risk of harm

Questions	Yes	No
Is there any significant risk that your project may lead to physical harm to participants or researchers?		<b>X</b>
Is there any significant risk that your project may lead to psychological or emotional distress to participants or researchers?		<b>X</b>
Is there any significant risk that your project may place the participants or the researchers in potentially dangerous situations or environments?		<b>X</b>
Is there any significant risk that your project may result in harm to the reputation of participants, researchers, their employers, or other persons or organisations?		<b>X</b>

If you answered **Yes** to **any** of these questions:

Explain the nature of the risks involved and why it is necessary for the participants or researchers to be exposed to such risks.

Explain how you propose to assess, manage and mitigate any risks to participants or researchers.

Explain the arrangements by which you will ensure that participants understand and consent to these risks.

Explain the arrangements you will make to refer participants or researchers to sources of help if they are seriously distressed or harmed as a result of taking part in the project.

Explain the arrangements for recording and reporting any adverse consequences of the research.

**9 Risk of disclosure of harm or potential harm**

Questions	Yes	No
Is there a significant risk that the project will lead participants to disclose evidence of previous criminal offences or their intention to commit criminal offences?		<b>X</b>
Is there a significant risk that the project will lead participants to disclose evidence that children or vulnerable adults have or are being harmed or are at risk of harm?		<b>X</b>
Is there a significant risk that the project will lead participants to disclose evidence of serious risk of other types of harm?		<b>X</b>

If you answered **Yes** to **any** of these questions:

Explain why it is necessary to take the risks of potential or actual disclosure.

Explain what actions you would take if such disclosures were to occur.

Explain what advice you will take and from whom before taking these actions.

Explain what information you will give participants about the possible consequences of disclosing information about criminal or serious risk of harm.

--

**10 Payment of participants**

Questions	Yes	No
Do you intend to offer participants cash payments or any other kind of inducements or compensation for taking part in your project?		<b>X</b>
Is there any significant possibility that such inducements will cause participants to consent to risks that they might not otherwise find acceptable?		<b>X</b>
Is there any significant possibility that the prospect of payment or other rewards will systematically skew the data provided by participants in any way?		<b>X</b>
Will you inform participants that accepting compensation or inducements does not negate their right to withdraw from the project?		<b>X</b>

If you answered **Yes** to **any** of these questions:

Explain the nature of the inducements or the amount of the payments that will be offered.

Explain the reasons why it is necessary to offer payments.

Explain why you consider it is ethically and methodologically acceptable to offer payments.

--

**11 Capacity to give informed consent**

Questions	Yes	No
Do you propose to recruit any participants who are under 18 years of age?		<b>X</b>
Do you propose to recruit any participants who have learning difficulties?		<b>X</b>
Do you propose to recruit any participants with communication difficulties including difficulties arising from limited facility with the English language?		<b>X</b>
Do you propose to recruit any participants who are very elderly or infirm?		<b>X</b>
Do you propose to recruit any participants with mental health problems or		<b>X</b>

other medical problems that may impair their cognitive abilities?		
Do you propose to recruit any participants who may not be able to understand fully the nature of the research and the implications for them of participating in it?		<b>X</b>

If you answered **Yes** to **only the last two** questions, proceed to **Section 16** and then apply using the online NHS Research Ethics Committee approval form.

If you answered **Yes** to **any** of the **first four** questions:

Explain how you will ensure that the interests and wishes of participants are understood and taken in to account.

Explain how in the case of children the wishes of their parents or guardians are understood and taken into account.

--

## 12 Is participation genuinely voluntary?

Questions	Yes	No
Are you proposing to recruit participants who are employees or students of Coventry University or of organisation(s) that are formal collaborators in the project?	<b>X</b>	
Are you proposing to recruit participants who are employees recruited through other business, voluntary or public sector organisations?	<b>X</b>	
Are you proposing to recruit participants who are pupils or students recruited through educational institutions?		<b>X</b>
Are you proposing to recruit participants who are clients recruited through voluntary or public services?		<b>X</b>
Are you proposing to recruit participants who are living in residential communities or institutions?		<b>X</b>
Are you proposing to recruit participants who are in-patients in a hospital or other medical establishment?		<b>X</b>
Are you proposing to recruit participants who are recruited by virtue of their employment in the police or armed services?		<b>X</b>
Are you proposing to recruit participants who are being detained or sanctioned in the criminal justice system?		<b>X</b>
Are you proposing to recruit participants who may not feel empowered to refuse to participate in the research?		<b>X</b>

If you answered **yes** to **any** of these questions:

Explain how your participants will be recruited.

Explain what steps you will take to ensure that participation in this project is genuinely voluntary.

Potential UK retail banking customers will be sampled through a convenience method during academic conferences. This will be based on the willingness of the potential respondents to participate in the survey. Potential respondents will be approached face-to-face. Then, if interested, respondents will be given the questionnaire to complete. The questionnaire is expected to require 10-15 minutes to complete. After completion, respondents will be requested to submit the completed questionnaires to the conference's reception desk, where the researcher will collect the returned/completed questionnaires; ensuring anonymity of respondents. The respondents' approval and consent will be sought before participation (Please see Appendix 3). A participant information sheet (Please see Appendix 4) will be made available to respondents, which will highlight their rights to participate or refuse to participate in this research. In addition, no financial or other rewards will be made available for participation in this research.

### 13 On-line and Internet Research

Questions	Yes	No
Will any part of your project involve collecting data by means of electronic media such as the Internet or e-mail?		X
Is there a significant possibility that the project will encourage children under 18 to access inappropriate websites or correspond with people who pose risk of harm?		X
Is there a significant possibility that the project will cause participants to become distressed or harmed in ways that may not be apparent to the researcher(s)?		X
Will the project incur risks of breaching participant confidentiality and anonymity that arise specifically from the use of electronic media?		X

If you answered **Yes** to **any** of these questions:

Explain why you propose to use electronic media.

Explain how you propose to address the risks associated with online/internet research.

Ensure that your answers to the previous sections address any issues related to online research.

--

### 14 Other ethical risks

Question	Yes	No
Are there any other ethical issues or risks of harm raised by your project that have not been covered by previous questions?		X

If you answered **Yes** to **this** question:

Explain the nature of these ethical issues and risks.

Explain why you need to incur these ethical issues and risks.

Explain how you propose to deal with these ethical issues and risks.

--

### 15 Research with non-human vertebrates<sup>40</sup>

Questions	Yes	No
-----------	-----	----

<sup>40</sup> The Animals Scientific Procedures Act (1986) was amended in 1993. As a result the common octopus (*Octopus vulgaris*), as an invertebrate species, is now covered by the act.



Will any part of your project involve the study of animals in their natural habitat?		<b>X</b>
Will your project involve the recording of behaviour of animals in a non-natural setting that is outside the control of the researcher?		<b>X</b>
Will your field work involve any direct intervention other than recording the behaviour of the animals available for observation?		<b>X</b>
Is the species you plan to research endangered, locally rare or part of a sensitive ecosystem protected by legislation?		<b>X</b>
Is there any significant possibility that the welfare of the target species or those sharing the local environment/habitat will be detrimentally affected?		<b>X</b>
Is there any significant possibility that the habitat of the animals will be damaged by the project such that their health and survival will be endangered?		<b>X</b>
Will project work involve intervention work in a non-natural setting in relation to invertebrate species other than <i>Octopus vulgaris</i> ?		<b>X</b>

If you answered **Yes** to **any** of these questions:

Explain the reasons for conducting the project in the way you propose and the academic benefits that will flow from it.

Explain the nature of the risks to the animals and their habitat.

Explain how you propose to assess, manage and mitigate these risks.

--

## 16 Principal Investigator Certification

Please ensure that you:

Tick all the boxes below that are relevant to your project and sign this checklist.

Students must get their Director of Studies to countersign this declaration.

I believe that this project <b>does not require research ethics peer review</b> . I have completed Sections 1-2 and kept a copy for my own records. I realise I may be asked to provide a copy of this checklist at any time.	
I request that this project is <b>exempt from internal research ethics peer review</b> because it will be, or has been, reviewed by an external research ethics committee. I have completed Sections 1-4 and have attached/will attach a copy of the favourable ethical review issued by the external research ethics committee. Please give the name of the external research ethics committee here: Send to <a href="mailto:ethics.uni@coventry.ac.uk">ethics.uni@coventry.ac.uk</a>	
I <b>request an ethics peer review</b> and confirm that I have answered all relevant questions in this checklist honestly. Send to <a href="mailto:ethics.uni@coventry.ac.uk">ethics.uni@coventry.ac.uk</a>	<b>X</b>
I confirm that I will carry out the project in the ways described in this checklist. I will immediately suspend research and request new ethical approval if the project subsequently changes the information I have given in this checklist.	<b>X</b>
I confirm that I, and all members of my research team (if any), have read and agreed to abide by the Code of Research Ethics issued by the relevant national learned society.	<b>X</b>
I confirm that I, and all members of my research team (if any), have read and agreed to abide by the University's Research Ethics, Governance and Integrity Framework.	<b>X</b>

## References

Churchill, GA. (1979) A Paradigm for Developing Better Measures of Marketing Constructs. *Journal of Marketing Research* 16: 64-73

Diamantopoulos, A; Winklhofer, H. (2001) Index Construction with Formative Indicators: An Alternative to Scale Development. *Journal of Marketing Research* 38, (2) 269-277

Hair, J F, J R Black, W C Baben, R E Anderson, and R L Tatham (2006) *Multivariate Data Analysis*. Upper Saddle River, NJ: Pearson Education.

Rossiter, J. (2002) The C-OAR-SE Procedure for Scale Development in Marketing. *International Journal of Research in Marketing* 19: 305-335

## Signatures

If you submit this checklist and any attachments, you should type your name in the signature space. An email attachment sent from your University inbox will be assumed to have been signed electronically.

### Principal Investigator

Phone number removed from the electronic version

Dima Al- Eisawi (PhD Student), [eisawid2@coventry.ac.uk](mailto:eisawid2@coventry.ac.uk), Mobile:

Coventry University, Priory Street, Coventry, CV15FB, U.K

Date 14/06/10

Students submitting this checklist by email must append to it an email from their Director of Studies confirming that they are prepared to make the declaration above and to countersign this checklist. This email will be taken as an electronic countersignature.

### Student's Director of Studies

Dr Harjit Sekhon, Head of Marketing Department, [h.sekhon@coventry.ac.uk](mailto:h.sekhon@coventry.ac.uk),  
Telephone: +44 (0)24 7688 8459 Coventry University, Priory Street, Coventry,  
CV15FB, U.K.

Countersigned DR HARJIT SEKHON (Director of Studies)

Date: 14/06/10

I have read this checklist and confirm that it covers all the ethical issues raised by this project fully and frankly. I also confirm that these issues have been discussed with the student and will continue to be reviewed in the course of supervision.

Note: This checklist is based on an ethics approval form produce by Research Office of the College of Business, Law and Social Sciences at Nottingham Trent University. Copyright is acknowledged.

**For office use only****Initial assessment**

Date checklist initially received:	DD/MM/YYYY	
1. Ethical review required	Yes	No
2. CRB check required	Yes	No
<b>Submitted to an external research ethics committee</b>		
3. External research ethics committee (Name)	Yes	No
4. Copy of external ethical clearance received	DD/MM/YYYY	
<b>Ethics Panel Review</b>		
5. Date sent to reviewer 1 (Name)	DD/MM/YYYY	
6. Date sent to reviewer 2 (Name)	DD/MM/YYYY	
<b>Original Decision (Consultation with Chair UARC/Chair RDSC)</b>		
7. Approve	Yes	No
8. Approve with conditions (specify)	Yes	No
9. Resubmission	Yes	No
10. Reject	Yes	No
11. Date of letter to applicant	DD/MM/YYYY	
<b>Resubmission</b>		
12. Date of receipt of resubmission:	DD/MM/YYYY	
13. Date sent to reviewer 1 (Name)	DD/MM/YYYY	
14. Date sent to reviewer 2 (Name)	DD/MM/YYYY	
<b>Final decision recorded (Consultation with Chair UARC/Chair RDSC)</b>		
15. Approve	Yes	No
16. Approve with conditions (specify)	Yes	No
17. Reject	Yes	No
18. Date of letter to applicant	DD/MM/YYYY	

Signature ..... (Chair of UARC/Chair RDSC)

Date .....